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NEWS SUMMARY

GENERAL

Dutch siege: 72 held hostage

Four to six South Moluccan guerillas, firing machine-guns, stormed a Government building in the northern Dutch town of Assen, took about 72 hostages and demanded the release of fellow guerillas from Dutch jails and a Jumbo jet to fly them out of the country.

Last night the South Moluccans set a deadline of 2 p.m. to-day for the release of the prisoners and their own free passage from Holland.

At least five people were hurt in the assault and an ambulance, attempting to reach one casualty, was hit by gunfire.

The attack plunged Holland into its third hostage nightmare in just over two years involving members of the country's 40,000 South Moluccan community. The guerillas want the former Dutch colony of Indonesia to grant independence to the South Moluccan islands. Page 3

Begin speaks of revenge

Mr. Menahem Begin, Israeli Premier told the Knesset (Parliament) that Israel will "cut off the evil arm" of the Palestine Liberation Organisation. He was giving an account of the weekend raid which left 36 civilians and nine guerillas dead. In Washington, it was announced that Mr. Begin's postponed talks with President Carter are to take place on March 21 and 22.

From Tyre, Lebanon, it was reported that more than 200 Palestinian guerilla reinforcements belonging to Saiqa, a group led by Syrian officers, had entered the city. From Beirut, PLO claimed that it was not seeking aid from Syrian forces in Lebanon to help ward off the expected Israeli retaliation. Page 4. Editorial Comment, Page 16

Owen makes new Rhodesia appeal

Dr. David Owen, Foreign Secretary, speaking in London last night, renewed his plea to all sides in the Rhodesian dispute to come together to see "even at this late hour" if a settlement could be negotiated. The only alternative, he warned, was continued armed conflict. Earlier, Dr. Owen had spent two hours with Mr. Joshua Nkomo and Mr. Robert Mugabe, the Patriotic Front leaders. Kaunda threat, Page 3

Blow to forces

Mr. Fred Mulley, Defence Minister, speaking in the Commons, dashed any hopes still remaining in Britain's armed forces of an immediate pay deal to help them recover ground lost in the past two years. Page 10

£25,000 snatch

An armed gang is thought to have got away with £25,000 after forcing its way into the Elephant and Castle, London, shopping precinct branch of Lloyds Bank and seizing a clerk as a hostage.

U.S. skyjack

A United Airlines Boeing 727 was skyjacked on a flight from San Francisco to Seattle by a man who claimed to have a bomb and to be suffering from an incurable disease. Late last night the man held three flight crew hostage aboard the jet at Oakland, California.

Briefly . . .

Mr. Andrei Sakharov, the prominent Soviet human rights activist, said in Moscow that his telephone had been cut off.

BBC Television is to give live cover to all Scotland's matches in this summer's Argentina-held World Cup.

The Queen and the Duke of Edinburgh were shouted at by a middle-aged woman at a Westminster Abbey Commonwealth Day service.

BUSINESS

Equities disappoint; no change in Gilts

● EQUITIES disappointed dealers hopes of a follow through after last week's gains, and the FT Ordinary index closed 0.6 up at 459.6.

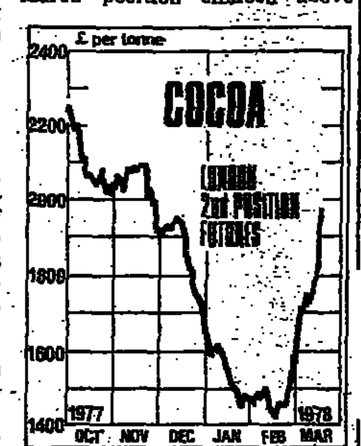
● GILTS marked time, with marginal falls in shorts. The Government Securities index closed 0.01 down at 75.65.

● STERLING gained 50 points against an erratic dollar, to close at $1.9105. Its trade-weighted average fell to 64.4 (64.8). The dollar's depreciation improved to 8.48 per cent. (11.15).

● GOLD rose $1½ to $182¾.

● WALL STREET closed 1.38 up at 759.96.

● COCOA prices rose sharply on speculative buying, and the March position climbed above



£2,000 a tonne, and May closed £143 up at £1,974. Page 35

● RETAIL SALES are now running ahead of levels recorded last year, but still well short of the boom conditions predicted for later this year, Department of Trade figures show. Back Page

● IRON CASTINGS production fell last year to its lowest since the Second World War, with a drop of 5.7 per cent. on 1976. Page 8

Rolls-Royce car output down

● ROLLS-ROYCE car production fell 14 per cent. last year, in the worst period of industrial trouble since its flotation as a public company. But profits were lifted 27 per cent. to £11m. on turnover of £122m. (£105m.). Back and Page 26 and Lex.

● GOVERNMENT is to publish names of companies it puts on its blacklist for breaking pay guidelines, but the individual company will have the right to keep its name secret. Back Page

● ENGINEERS have called off a threatened two-day strike after unions' and employers' negotiators reached agreement on pay. Back Page

● SCOTTISH MINERS are seeking a meeting with the NCB to put forward complaints that the incentive schemes yield only derisory bonuses in some pits. Page 9

● BSC STEELWORKERS, angered at the corporation's plans to close Shelton steelworks, Stoke-on-Trent, have said they will act to prevent the closure. Back Page.

COMPANIES

● CEMENT ROADSTONE lifted pre-tax profits by 26.7 per cent. to a record £14.77m. (£11.66m.) in 1977 on turnover 15.51 per cent. ahead at £134.37m. Page 26

● HEPWORTH CERAMIC has started bid talks for Johnson-Richards Tiles, and J-RT's value on the stock market rose from £18.4m. to £25m. Back Page

● DAWNAY DAY reports a recovery in pre-tax profit in the six months to December 31 of £0.93m. (£160,000). Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise) indicated)

RISES

BTR	238	+ 5
Beazer (C. H.)	35½	+ 4½
Bluebird Confection.	155	+ 7
Booker McConnell	212	+ 6
Bowring (C. T.)	116	+ 5
Cement-Roadstone	127	+ 6
Cowie (T.)	41½	+ 4½
Desoutter Bros.	131	+ 6
Farnell Elect.	208	+ 8
Green (R.)	42	+ 4½
Greenall Whitley	107xc	+ 7
Grindlays Hldgs.	120	+ 6
Guinness (A.)	168	+ 5
ICL	282	+ 8
Johnson-Rchrds. Tiles	115	+ 31
Ladbroke	182	+ 5
L and P Poster	201	+ 11
NatWest	275xd	+ 6
Queens Moat Houses	28½	+ 3
Rolls-Royce	76	+ 7½
Sale Tilney	207	+ 14
Sedgwick Forbes	385xd	+ 15
Sime Darby	116	+ 7
Smurfit (J.)	174	+ 8
Stewart Plastics	118	+ 8
Thomson Org.	193	+ 8
Trafalgar House	145	+ 6
United Biscuits	150	+ 6
Utd. City Merchants	49	+ 5
Shell Transport	512	+ 7
Siebens (U.K.)	232	+ 8
Anglo-Amer. Inv.	£37½	+ 2½
De Beers Dfd.	343	+ 5
Musto Exploration	117	+ 17
Northgate. Explor.	290	+ 20
Oakbridge	150	+ 15
RTZ	181	+ 6
St. Helena	797	+ 32
Winkelhaak	769	+ 31

FALLS

Gopeng Cons.	235	− 10

DOLLAR FALLS BACK, FRENCH FRANC UP SHARPLY

BY MICHAEL BLANDEN

THE DOLLAR fell back yesterday afternoon as foreign exchange markets reacted with disappointment to the new U.S.-West German support measures, while the French franc gained sharply on the news of the French election result.

Expectations of a major package of measures to stem the pressure on the U.S. currency had been built up over the week-end, and the dollar showed sharp gains in thin and nervous early trading yesterday.

Bankers argued, however, that the measures announced did not go far enough. Many sections of the market had been expecting moves going beyond the simple extension of short-term swap facilities which formed the main feature of the arrangements produced by the U.S. and Germany.

As a result, the dollar lost the improvement made in the morning, and ended in London trading at levels little changed from Friday's rates against the two European currencies which have featured most in recent movements, the D-mark and the Swiss franc.

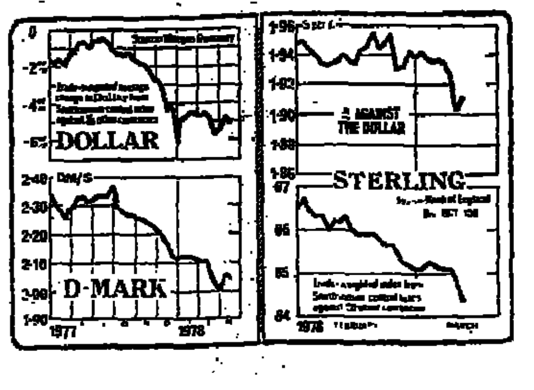
After touching DM2.09, the dollar ended at DM2.0490—against DM2.0575 on Friday. It reached Sw.Frs.1.99 before coming back to close at Sw.Frs.1.95, unchanged from Friday.

The French franc recorded the best rises of the day, following the lower than expected level of support given to the Left-wing parties in the first round of the general election.

It jumped to Frs.4.735 to the dollar, compared with Frs.4.8725 on Friday, and Morgan Guaranty's calculation of its effective depreciation narrowed from 11.15 per cent. to 8.48 per cent.

The pound also ended slightly better against the dollar, after suffering early in the day when the Bank of England may have given some support as the rate slipped to $1.8825.

At the close, sterling was 50 points up at $1.9105, but its trade-weighted index dropped from 64.8 to 64.4 after touching 64.1 at noon.



U.S. and Bonn act to steady markets

BY JUREK MARTIN, WASHINGTON, MARCH 13

THE U.S. and West Germany to-day unveiled what was being described as a major new cooperative effort to stabilise the foreign exchange markets and arrest the decline of the dollar.

The principal elements in the package, announced simultaneously to-day in Washington and Bonn, are:

● A doubling of the swap arrangement between the Federal Reserve and the Bundesbank to $4bn. This brings the overall size of the swap network between the 15 principal central banks and the Bank of International Settlements up to $22.16bn;

● A direct sale from the Treasury to the Bundesbank of U.S. holdings of 600m. Special Drawings Rights (about $740m.) in order to purchase Deutschemarks.

● A statement of U.S. willingness to draw on, if necessary, the $5.1bn. it has unconditionally at its disposal with the International Monetary Fund.

The joint statement was issued under the names of Mr. Michael Blumenthal, the U.S. Treasury Secretary, and Herr Hans Matthoefer, the West German Finance Minister.

In it both sides reaffirmed "that continuing forceful action will be taken to counter disorderly conditions in the exchange markets and that close cooperation to that purpose will be maintained."

Mr. Anthony Solomon, the Treasury Under-Secretary who had finalised the new package

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Lex Back Page

over the week-end in consultation with his German counterparts, said this morning that the agreement represented "a convergence of views" between the two countries to a much greater extent than had existed until now.

The U.S. which has consistently been urging Germany to stimulate its domestic demand, attaches special importance to that part of the joint statement which declares that "economic developments during the first quarter of 1978 will be particularly important in determining the future course of economic policies in the Federal Republic and elsewhere.

"However, data to permit such an evaluation will not be available before mid-spring. German and U.S. economic policies will remain firmly oriented toward self-sustaining recovery, steady non-inflationary growth and stability in foreign exchange markets."

The U.S., in practice, interprets this to mean that sometime in early May the West German Government will review the progress of its economy and, if necessary, contemplate remedial action.

For its part, the joint statement contains an explicit recognition by the U.S. of the need for an energy policy and the need for President Carter to take executive action should the Congressional alternative prove unpromising.

The U.S. feels that the pledge to use, if necessary, its IMF

Continued on Back Page

French Left form pact for final round of poll

BY ROBERT MAUTHNER PARIS, March 13.

THE OUTCOME of the French general election was in the balance to-day after the failure of the combined forces of the Left to establish a commanding lead in the first ballot yesterday. But an eleventh-hour agreement to-night between the three parties of the Left to present a united front in next Sunday's run-off gives them a chance of pulling the chestnuts out of the fire.

Most observers here said next Sunday's vital run-off would be a cliff-hanger, with either side capable of winning a narrow Parliamentary majority.

The Paris Bourse and foreign exchange market were jubilant at the possibility that the Left might be defeated. French share prices jumped 5-9 per cent. The franc gained 15 centimes against the dollar and hardened appreciably against the other main currencies.

The greatest surprise was that the Socialists, Communists and Left-wing Radicals did not even manage to obtain an absolute majority of the votes. The official Ministry of Interior figures for 490 of the Parliamentary constituencies (all but Polynesia) gave the three signatories of the original programme of the Left only 45.1 per cent. All the Left-wing groups, including the extreme Leftists, had 48.4 per cent. This compares with 46.5 per cent. for the present Government parties, embracing mainly the Gaullists, the supporters of President Giscard d'Estaing and the Centrists.

M. François Mitterrand, the Socialist leader, tried to put on a brave face to-day by emphasising that the Socialists and Left-wing radicals had become the biggest single political group in the country and had replaced the Communists as the leading representatives of the Left. But he found it difficult to hide his disappointment.

He put the blame for the Socialists' failure to do better on the Communists' sabotage of the Union of the Left.

Mutual recriminations did not prevent the Left-wing parties from reaching an agreement to-night on an electoral pact for the second round and the broad lines of a government programme.


M. Jacques Chirac


M. Georges Marchais

In a declaration published after only three hours of talks, the Socialist, Communist and Left-wing radical parties said they were prepared to form a joint government if they won the election. They agreed that the ministerial portfolios in such a government would be shared proportionately on the basis of the percentage of votes which each of them polled in the first round.

They agreed to support joint candidates in next Sunday's run-off, so avoiding a split in the Left-wing vote and giving it a better chance of beating the Government coalition.

They agreed to implement a series of economic and social measures, including the raising of the national minimum wage by 37 per cent., a wealth tax, improved social security benefits and a lowering of the retirement age.

Though the declaration confirmed the intention of a Left-wing Government to nationalise the country's nine biggest industrial groups and the banking and financial sector, it gave no details of any additional measures in this field.

Until now the Socialists and Communists had disagreed about the number of subsidiaries of the nine industrial groups which should be included in the nationalisation measures. They appear to have glossed over this problem.

The speed with which the agreement was reached indicated that in spite of the public airing which the parties of the Left gave to their disagreements, they held secret talks before the first round of the election. If they did not announce their agreement earlier, it was clearly to give each of the Left-wing parties a chance to test its strength in yesterday's first ballot.

If the Left is disappointed with the results of the first round, the Government coalition has every reason to be satisfied. Not only does it global score put it in a reasonably good position to win next week's run-off, but the individual parties—especially those which provide President Giscard d'Estaing with his main support—have done better than expected.

M. Jacques Chirac's Gaullist Rassemblement pour la République party, with 22.8 per cent. of the vote, marginally out-polled the Socialists—if their Radical allies' score is not included. The Union pour la Démocratie Française, an alliance of Giscardians and Centrists which obtained 21.5 per cent., can fairly claim to be considered on an equal footing with the Gaullists.

More French election news, Page 2

Ever Ready challenges price recommendation

BY DAVID CHURCHILL

THE EVER READY Company last night decided to challenge a Price Commission recommendation that it should be allowed to raise dry battery prices by only 2 per cent. instead of 7 per cent.

The company said it was asking Mr. Roy Hattersley, Prices Secretary, to allow the full 7 per cent. rise.

It also said that the Commission's report, published yesterday contained inaccuracies and disclosed information of value to foreign competitors.

The Commission's recommendation of a 2 per cent. rise to last until September, followed a three-month investigation into the company's finances.

The Commission was influenced by Ever Ready's dominance of the U.K. market—it has about a three-quarter share—and the present high return on capital.

On a historical cost accounting basis the company's return on capital has risen from almost 21 per cent. in 1975 to over 41 per cent. at present. The rise is between 8 and 21 per cent. on a current cost accounting basis.

The Commission argued that the company's "dominance of the traditional dry battery market is such that we feel that an increase of 7 per cent., even if the new price were held until February 28, 1979, would result in a return on capital well above the level that could be obtained in a more competitive market."

Ever Ready might have been allowed a larger rise if the Commission had been given details of a proposed investment programme to finance the development of high technology battery systems.

But because the company did not provide information on financing arrangements, the Commission was unable to take it into account.

However, the Commission says it is prepared to reconsider its policy on battery prices when the restriction expires in September and "in the light of firm authoritative information not only as to current manufacturing costs, but also as to proposed future capital expenditure and the sources from which the funds will be sought."

Mr. Hattersley is considering the Commission's report and Ever Ready's objections. The Commission is believed to be confident that its report is fair and should be accepted.

But Mr. C. Black, Every Ready chairman, said last night: "We do not feel the Commission has correctly interpreted the U.K. dry battery market and has been unduly influenced by conditions only applicable in the U.S."

Ever Ready also points out that it has raised prices by only between one and 1.5 per cent. since August 1976.

German printers locked out

BY ADRIAN DICKS BONN, March 13.

WEST GERMAN newspaper publishers and printing employers to-night declared a nationwide lock-out against printers belonging to IG-Druck, following the breakdown of talks in the dispute over the introduction of new electronic typesetting equipment.

The lock-out decision, which could leave West Germany without newspapers or magazines after Wednesday morning, was taken after warnings that the union ought to call off "annihilation" strikes against five newspapers.

IG-Druck called the strikes, in Munich, Dusseldorf, Kassel and Wuppertal two weeks ago as part of its tactics to force the publishers back to the negotiating table.

The union seeks an improved agreement on its members' future under the new technology.

To-night's move by the employers is clearly designed to force the union's hand but IG-Druck has threatened to take "appropriate measures" and has said it will not call off the strikes.

The employers claimed to-night that during the mediation talks they had proposed that the period during which skilled hot-metal printing workers should be scaled down in salary to lower levels under the new technology should be extended from five to six years.

IG-Druck, however, wants some guarantees of members' pay, status and manning levels when the new typesetting equipment is introduced. They fear that journalists or office staff could replace them.

The journalists' union has urged Chancellor Helmut Schmidt to intervene to end the dispute.

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FEATURES

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FRENCH ELECTIONS — THE FIRST ROUND

Mitterrand claims 'success'

BY DAVID WHITE

PARIS, March 13.

THE STATE OF THE PARTIES:

First round votes per cent.

Parties of the Left	
Communists	20.5
Socialists	22.5
Left-wing Radicals	2.1
Total	45.1
Extreme Left	3.3
Various opposition	1.1
Ecologists	2.1
Government coalition	
Gaullists — RTR	22.6
Centrists — UDF	21.5
Support for the President	2.4
Total	46.5
Diverse pro-Government	1.0
Extreme Right	0.9

THE GOVERNMENT centre parties have the most reason to be pleased about it. The Gaullists, their more powerful allies can draw some satisfaction from having kept ahead of the Socialists in votes, but by the shortest of short heads. The Socialists are strengthened but disappointed. The Communists are knocked back, but in fighting mood. And from the relatively safe distance of the Elysee Palace, where President Giscard d'Estaing watches over it all, the results of the first round of France's legislative election show the forces of Right and Left in tantalising balance.

M. Francois Mitterrand, the Socialist leader, said to-day that his party was the only one which could "presume to have been successful" in yesterday's high-turnout poll. The Socialists gained 2m. voters and pushed up their share of the total by 4 per cent., assuring their target of 7m. votes and establishing them as the main political force, not only on the Left but in France as a whole.

This statement was not quite vindicated by the poll result as given by the Ministry of the Interior, which, with all votes counted except for French Polynesia, gave the Socialists 22.5 per cent., pipped by M. Jacques Chirac's neo-Gaullist Rassemblement pour la Republique (RPR) with 22.6 per cent. But, counted together with the closely-allied Left-wing radicals, the smallest of the three "common programme" parties, the Socialists could certainly now substantiate their claim, although, as M. Mitterrand pointed out, the gain was "less big than one could have sup-

M. Francois Mitterrand

posed" from pre-election opinion polls.

M. Mitterrand blamed the stalling of Socialist hopes on the "unfair polemics" of the Communist Party, which had broken the "momentum of unity," and on the "formidable campaign of propaganda and money" organised by the Right.

M. Georges Marchais, the ebullient Communist leader, claimed to have held his ground. The party lost half a point on its record five years ago, and, with 20.5 per cent., fell a long way short of its hopes, which total and be able to present its total and be able to presens its terms on an equal basis with the other Left-wing parties.

M. Marchais always said he would not be satisfied with 21 per cent., and was "still not satisfied" last night. But this morning he said he would sit down with the Socialists "in constructive spirit."

The two biggest French union confederations, the Communist-led CGT and the Socialist-leaning CFDT, which between them represent well over 3m. French workers, both put their weight behind efforts to achieve an accord between the left-wing parties which would allow them to field joint candidates in next Sunday's playoff. French workers "would not understand," said the CFDT, if the Left were to win the most votes and still allow a majority of seats to go to the Right.

Extreme left-wing parties, which pulled a surprisingly strong 3.3 per cent., mostly supported the withdrawal of candidacies in favour of the best-placed Socialist or Communist contenders. But some fringe groups and the Ecologists said they would refuse to stand down.

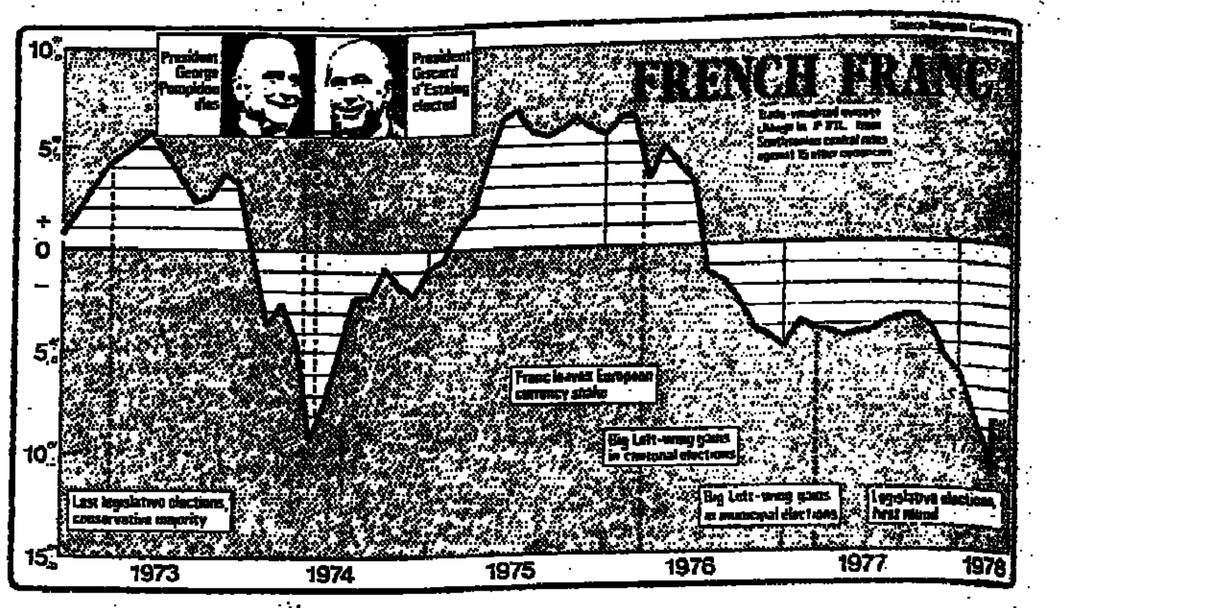
On the Government side, M. Jean-Pierre Soisson, general secretary of President Giscard's Republican Party, said the party and its centrist allies, grouped under the hastily invented banner of Union for French Democracy (UDF), had surpassed their 5m. vote target, showing that the Government had gained approval for "its aims of progress and justice."

The expectation at the Elysee Palace to-day was that President Giscard would not make another public entry into the campaign

M. Jacques Chirac, the Gaullist leader, after the most spectacular of the party election campaigns, claimed that his RPR would have out-distanced the Socialists, had they fielded as many candidates.

The most impressive performance of the day was undoubtedly that of M. Jacques Chaban-Delmas, Gaullist mayor of Bordeaux and former Prime Minister. Having rolled home with a straight first-round majority in his own constituency, he spoke as if he were back in his prime-ministerial seat—for which he is, according to some observers, a more-than-plausible candidate if the Right manages to stay in power.

The line-up of headlines on Paris newspaper stalls this morning underlined the uncertainty of an election result in which neither of the main groupings touched 50 per cent. of the poll. "The Left has not succeeded in its break-through," proclaimed the conservative Le Figaro. The afternoon paper, Le Monde, announced in typically wordy manner: "The thrust of the Left in the first round is not enough to guarantee a changeover on March 19." The Communist L'Humanite rallied with: "Everything has to be done to beat the Right in the second round." And France-Soir headed its edition this afternoon with: "The surprise."



Enthusiastic buying on Bourse

BY OUR OWN CORRESPONDENT

PARIS, March 13.

THE PARIS Bourse celebrated the worse-than-expected performance of the Left in the general election by putting on a veritable firework display of enthusiasm. Buying pressure was so intense that around 50 shares immediately rose by more than eight per cent. and had to be withdrawn from trading because there were not enough sellers to match purchases.

The star performer was Matra, the missile, engineering and computer company which had to be withdrawn from trading three times in a row as the price soared from Frs.1057 to Frs.1385. Skis Rossignol also was unable to be quoted because the buying pressure could not be satisfied.

Most of the other shares were eventually quoted after the Bourse authorities had desperately gone the rounds of institutional investors to ask them to release shares onto the market. They were induced to disgorge more than 200,000 shares in Paribas to meet demand, and even then it took more than a quarter of an hour to fix a price.

Rises of between 10 and 15 per cent. were common and dealers said that the Bourse had not known such enthusiasm for decades. Carrefour, Generale des Eaux, CIT-Alcatel, BIC, Afrique Occidentale and Michelin all shared in the fun.

While foreign stocks fell back French shares as a whole put on 8 per cent. across the board, outdistancing the 5 per cent. gain scored a year ago when it was announced that the tax on capital gains was being postponed.

The main sufferers in to-day's action were the gold-linked issues, and gold itself. The 4½ per cent. 1973 state loan, which is linked to gold, fell back by 8 per cent. as gold itself went out of favour.

The Napoleon gold coin dropped 10 per cent. in a single session to Frs.270.10 and the gold ingot fell by 5 per cent. to Frs.28,495. Stockbrokers pointed out that short-selling played some role in the day's activities but doubted whether the party was over.

Dealers on the foreign exchange markets were more cautious, being inclined to emphasise the fragility of any new Government of whatever colour. The franc to-day shrugged off its election blues in spectacular fashion and raced ahead against the Deutschemark (from 2.33¼ to 2.30¾), the Swiss franc (2.54¼ to 2.42) and sterling (9.18¼ to 9.03).

It also took scant notice of the German-American agreement on the defence of the dollar against which it moved from 4.86 to 4.74.

Zaire death call

A military prosecutor yesterday demanded death sentences for 28 out of 91 soldiers and civilians accused of complicity in a plot to overthrow President Mobutu Sese Seko, Reuter reports from Kinshasa. The prosecutor, General Likulia, auditor-general of the Zairean army, also told the five-man military tribunal trying the alleged plotters that Belgian, Libyan and U.S. diplomats had maintained links with those said to be leading the conspiracy.

Four political groupings divided by no more than 4 per cent.

BY DAVID CURRY

PARIS, March 13.

ONE CANNOT govern, President Valery Giscard d'Estaing is fond of saying, a country cut into two equal halves. On the evidence of the first round of voting in the general election, France seems rather to be divided into four almost equal quarters.

The four leading "tendencies" or political families came out of the first round with a gap of no more than 4 per cent. between the leading and the bottom group. A bracket of 2.1 per cent. covers the Gaullists, the Socialists, the Centre Union pour la Democratie Francaise and the Communists.

With all the results collected except those from Polynesia, the Ministry of the Interior gave the Gaullists 22.6 per cent. of the vote, making them the biggest single party in France and guaranteeing a hero's welcome for M. Jacques Chirac at his party headquarters. M. Chirac is already portraying himself as the man whose relentless energy and apocalyptic warnings kept the conservative cause alive. True or not, it will give the Gaullists confidence in the new National Assembly.

For the Socialists, who won 22.5 per cent. of the vote, the undoubted success of having been the sole party to improve its score over 1973 is soured by the knowledge that they fell short of expectations. Only the 2.1 per cent. vote of their close allies, the Left-wing Radicals, lifts the total Socialist-sympathising vote to the 7m. target set by M. Francois Mitterrand and puts them ahead of the Gaullists.

For the three-party alliance hastily cobbled together and flying the personal colours of President Giscard d'Estaing, the result was undoubtedly good. The 21.5 per cent. of the vote, gained largely thanks to a useful advance by the Republican Party, which is President Giscard's own creation, shows that the centre may, after all, exist. In this sense, the President himself is undoubtedly one of the victors of the election.

For the Communists, the good news is that they have not suffered a loss of vote to the Socialists. The bad news is that they are stagnating. Their 20.5 per cent. was marginally short of their score in 1973.

Including the 3.3 per cent. gleaned by the extreme Left—which is partly a frustrated reaction to the battle between Socialists and Communists, the Left finished with 48.4 per cent. of the vote. In other words, while ahead of the 46.5 per cent. gained by the three Government parties campaigning against the Common Programme, the Left still does not have a majority.

The question now is how the votes cast in the first round will translate into seats. For 68 MPs, including 13 Ministers, this is no longer a problem. They romped home in the first round. Of these 68 winners no fewer than 63 support the Government and 30 of them are Gaullists—a tribute to the Gaullist hold on the "bourgeois" areas of cities and rural areas with small electorates. They included M. Raymond Barre, the Prime Minister.

To this tally really needs to be added five of the Paris seats where none of the parties of the Left got the 12.5 per cent. of the vote necessary to get through to the second round, leaving different Government candidates with a purely national contest.

Elsewhere the Socialists or their Radical allies emerged as the best-placed Left-wing party in 260 seats and the Communists inu 155 seats. On the other side of the fence, where it is already agreed that only one candidate will remain in contention, the Gaullists carry the Government colours in 227 seats and the UDF alliance in some 188.

This means that although the parties are very close in total vote, the final distribution of seats will favour the Gaullists on the Right while on the Left all depends on the Socialists and Communists reaching an agreement to support a single joint candidate.

Again, assuming such an agreement is reached, the Communists will face Gaulists in 92 seats and Centrists in 63 while the Socialists will face Gaullists in 135 contestsand Centrists in 125.

Across the country the Socialist advance was fairly uniform, which means that in many cases it developed from a very low base and is still not strong enough to threaten a large number of Government seats. An exception to this is in Lorraine, where the loss of 10,000 steel jobs over the past year has shaken the traditional strength of the Government-supporting Radical party. M. Jean-Jacques Servan-Schreiber, one of the leading lights of the Centrist alliance, is in danger of losing his own Nancy constituency.

The other consequence of the Socialist push has been to challenge the Communists in some of their strongholds. The outstanding case is Paris. Paris went into the election without a single Socialist amongst its 31 MPs. Only seven Communists waved the red flag, and the Gaullists dominated the remainder of the seats.

In 1973, the Communists led the left-wing pack in 18 constituencies. This time the Socialists are in front in no fewer than 22. The Socialist vote in Paris advanced from 15.5 per cent. to 18.8 per cent. and between 1973 and 1978 Communist support slipped from 17.8 per cent. to 15.6 per cent. Although the Communists will hold onto the seven seats they occupy already, the only three Government seats a risk (and only one is highly marginal) are threatened by Socialists.

More serious for the Communists is the disturbing news from the suburbs. Here their vote is in decline. In only one seat in Seine-Saint-Denis did they advance while in Val-de-Marne, which has been a traditional Communist stronghold, the erosion of votes range up to 7 per cent.

Altogether the Socialists and their allies improved their position in all but 18 departments. The Comnnists did better in 44 departments while the Government side improved its performance in no more than eight areas.

On the Left the Socialists failed to get anyone home first time round and the three leaders of the Left-wing parties: M. Mitterrand, Marchais and Fabre, must all fight again. On the Government side M. Michel Poniatowski, the close associate of the President and the most colourful member of the Centrist Alliance, is by no means certain of holding on to L'Isle d'Adam.

One of the Gaullists back without trouble was M. Marcel Dassault, the head of the Dassault aerospace empire, whose paid advertising on the fate of rural churches and the role of the woman in the home has enchanted and infuriated readers over the past month. At 86 years old M. Dassault will be the grand old man of the new Assembly and will deliver the opening address of the new session. His allies are already trembling with apprehension about what he might say.

OTHER EUROPEAN NEWS

Moluccans seize 50 in attack on Dutch town hall

BY CHARLES BATCHELOR

AMSTERDAM, March 13.

A GROUP of young South Moluccan gunmen stormed the provincial town hall in the northern Dutch town of Assen to-day and were to-night holding about 50 people hostage.

Between four and six South Moluccans ran into the town hall from a taxi at about 10 a.m. this morning and began shooting. Officials and visitors leapt from windows and scaled down ladders to escape from the five-storey building.

The young men, whose exact number has not yet been established, then began shooting at passers-by. Four people were detained in hospital, three with gunshot wounds and one with a broken leg. Earlier, several people were allowed home after treatment for minor injuries.

Police were unable to approach a person lying on the grass in front of the building because of shots from machine pistols and revolvers from the windows. It was not known if the person was injured or dead.

A letter which arrived at the Justice Ministry in The Hague to-day demanded a bus to take the gunmen and their hostages to Schiphol Airport and a plane to take them to an unspecified country, said a Ministry spokesman.

According to South Moluccan leaders in Assen, a town with a large Moluccan population, the gunmen were members of a group which had planneod similar action last December. They had then been persuaded not to go ahead.

Police and troops sealed off the area around the town hall, a command centre was set up in Assen police station, and a reception centre for relatives of the hostages was established in a nearby hall.

The attack on the town hall was apparently an attempt to capture Mrs. T. Schilthuis, the Queen's Commissioner for the Province of Drenthe. She was able to escape, although two provincial councillors were reported to be among the hostages.

To-day's attack comes six weeks after publication of a Government report which said Holland can neither recognise nor support Moluccan efforts to set up an independent republic on their island home in Indonesia.

The report, which was commissioned after earlier acts of terrorism aimed at forcing Dutch support for the Moluccan ideal, was received with disappointment from all levels of the 40,000 Moluccan community in Holland.

Young Moluccans said at the time that the report was likely to stimulate more terrorist action.

Another report, from an independent joint Moluccan-Dutch commission a fortnight ago, also came out with no proposals likely to satisfy Moluccan idealists. But it did say that Holland has a responsibility for the Moluccans' claim

Ten months ago, Moluccan terrorists hijacked a train and took over a school in northern Holland. Six Moluccans and two hostages died when marines finally stormed the train after a three-week siege.

In December, 1975, two groups of Moluccans siezed a train and the Indonesian consulate in Amsterdam. Three people died in the train and one man was killed leaping from an upstairs window in the consulate.

Phillips gas accord close

BY OUR OWN CORRESPONDENT

OSLO, March 13.

PHILLIPS PETROLEUM and the Norwegian company Noretyl now seem likely to reach a negotiated settlement of their N.Kr.400m. (£40m.) dispute about delayed supplies of feedstock to Noretyl's new petrochemical complex at Rafnes, in east Norway.

Late last year, the partners in Noretyl—Norsk Hydro, Saga and Statoil — threatened to sue Phillips for about this amount because of its failure to start deliveries of the low-priced feedstock (natural gas liquids from Norway's Ekofisk field) by the end of 1976, as promised. They claim compensation for losses incurred when they had to buy alternative feedstock supplies at higher prices on the open market.

Ecevit and Karamanlis expect to meet again

By Metin Munir

ANKARA, March 13.

MR. BULENT ECEVIT, the Turkish Prime Minister, and Mr. Constantine Karamanlis, his Greek counterpart, will hold a second summit meeting after senior officials from their countries come together in a few weeks' time to prepare the ground.

This was disclosed by Mr. Ecevit here, to-day following his return from Switzerland where he held a two-day summit with Mr. Karamanlis at the week-end.

"I believe that my talks with Mr. Karamanlis will be a turning point in Turkish-Greek relations," he said. "I hope that the dialogue which we started will be the beginning of good relations and co-operation between our two neighbouring countries compatible with the wishes and interests of our peoples."

The dialogue will continue and in a few weeks' time talks at a technical level will start in order to take up points which the two Prime Ministers believe require more detailed work.

Although Mr. Ecevit did not say what these points were, they will undoubtedly embrace Cyprus, the Aegean dispute, the arming of the Greek islands in contravention of international treaties and the Turkish minority in Greece.

A new and serious dent has appeared in Turkish-American relations, however, because of the statement reportedly made by Mr. Cyrus Vance, the U.S. Secretary of State, in Congress last Friday to the effect that the lifting of the arms embargo on Turkey was conditional on the outcome of the Turkish-Greek talks and developments in Cyprus.

According to Mr. Ecevit, this was "a surprise in the negative sense" and constituted an adverse development. Last Saturday the Foreign Minister, Gundoz Okcun, summoned the American ambassador in Ankara and lodged a protest. Mr. Ecevit himself said that he would review his country's relations with Washington.

In the opinion of political observers here Turkish-American relations will take a turn for the worse if amends are not made by the Americans.

LOME CONVENTION RENEGOTIATION

ACP states give pointer

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, March 13.

MORE generous compensation for losses of earnings on an expanded range of commodity exports is expected to be one of the principal concessions sought from the EEC by more than 50 developing countries at the forthcoming negotiations on the renewal of the Lome Convention.

The 53 African, Caribbean and Pacific (ACP) states associated with the EEC through the existing convention have also made it clear that they intend to resist strongly demands by some European governments that Lome II should contain an explicit provision enabling the Community to cut off aid to regimes, like that of Idi Amin in Uganda, which systematically violate basic human rights

Neither side has yet drawn up specific proposals for the negotiations, which are not expected to get under way in earnest until September. But indications of the general approach which the developing countries are likely to take have emerged from a two-day Ministerial meeting between the ACP states, the nine Common Market countries and the European Commission, which opened here to-day.

The Lome Convention, which came into force almost two years ago and expires in March 1980, is a novel contractual arrangement linking the industrialised and developing worlds. In addition to providing for concessionary treatment on trade, development aid and technical co-operation, it embodies the so-called Stabex system for stabilising ACP countries' receipts from exports of more than 30 commodities.

Payments from Stabex are made automatically when a country's export receipts from a given commodity in any one year fall below a fixed reference level. In most cases, the EEC guarantees only receipts from exports to the Community and requires that any product covered should account for more than 7.5 per cent. of a country's total export earnings.

A common complaint among the ACP countries is that Stabex does not compensate them for losses in purchasing power caused by rising production costs and imported inflation. They are expected to demand that the next Lome Convention include a mechanism to protect their real earnings. They also want Stabex to be applied to additional products, particularly minerals like copper and phosphates.

There is also pressure to free at least the very poorest countries from the 7.5 per cent. threshold clause and the obligation to refund money to Stabex when commodity prices rise above certain levels. Countries with few natural resources which are heavily dependent on tourism have shown interest in a suggestion by the Seychelles that the EEC protect them against sharp falls in tourist receipts.

The ACP countries have clearly been influenced in the formulation of their demands by the lack of progress made so far in the negotiations in UNCTAD and the North-South dialogue on a Common Fund. The feeling in some quarters is that a remodelled Stabex offers a better chance, in the near-term, of meeting their most pressing priorities.

It is not yet clear how far the EEC will be prepared to move in the direction favoured by the ACP countries. The Commission is still working on detailed proposals for the Community position in the negotiations, which will have to be discussed by the EEC Council of Ministers.

The preliminary indications, however, are that the Commission is leaning towards only minor modifications in the structure of the Lome Convention and appears unlikely to propose the substantial increase in financial resources that would probably be needed to meet all the ACP countries' demands.

At present the issue of human rights seems to be foremost in the minds of several EEC Governments. Dr. David Owen, the U.K. Foreign Secretary, has already suggested that the granting of benefits under Lome II should be made subject to the respect of human rights in the recipient countries, though the Commission favours a less binding requirement: it has proposed a general reference to the question in the preamble to the new convention.

Most ACP leaders have made it clear that they see no place for a politically controversial human rights clause in what they regard as an arrangements for economic and technical co-operation. They argue that there are legitimate differences between conceptions of human rights in Western Europe and developing countries, and some are suspicious that the issue masks an attempt by some European Governments to establish a new hold over their former colonies.

Some ACP States believe, however, that if the EEC forces the issue it should be met by counter-demands for concessions in the treatment of immigrant workers and stronger measures by European Governments against racial discrimination.

Soviets urge neutron bomb halt

BY DAVID SATTER

MOSCOW, March 13.

THIRTY-ONE Soviet scientists have sent a letter to President Carter urging him to rise above "transient considerations" and cancel production of the neutron bomb which, they say, would lower the nuclear threshold and pose a threat to mankind.

The letter, which was issued by the Soviet news agency Tass, and carries the signatures of prominent Soviet scientists including several Nobel prize winners, is the latest step in the intensive Soviet propaganda campaign against the neutron bomb.

The Soviets this week renewed a call from Mr. Leonid Brezhnev, the Soviet President, to Mr. Carter calling for a mutual moratorium on production of the weapons which the U.S. argues would stabilise the balance of power in Europe and which the Soviets have indicated they do not yet possess.

The scientists' letter said that Mr. Carter's decision on the neutron bomb would be the most important one since the American decision to use atomic weapons against Japan and begin development of the thermonuclear bomb in 1950.

"The neutron bomb is not a defensive weapon," the letter said.

The signatories, who were led by Mr. Anatoly Alexandrov, president of the Soviet Academy of Sciences, warned that "the very first use of nuclear weapons even of a very low yield, can lead to a world war."

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EUROPEAN NEWS

German engineering faces strikes

BY ADRIAN DICKS

BONN, March 13.

THE ENGINEERING industry in South-West Germany, including such internationally-known companies as Daimler-Benz, Robert Bosch and Brown Boveri, now faces the prospect of selected strikes by members of IG-Metall, the metalworkers' union, folowing the collapse of peace talks between top union and employers' leaders this morning.

The union has so far not called a general strike in the North Wuerttemberg-North Baden wage bargaining region. Nor has it yet announced which companies will be hit by stoppages.

The employers' federation in the region, Gesamtmetall, has already announced however, that it will respond to strike action with a policy of lock-outs.

This afternoon, both sides were blaming one another for the failure of the talks, which followed several rounds of formal bargaining and independent arbitration. The union, having started by seeking 8 per cent., had let it be known that it would settle for about 5 per cent. The employers revealed to-day that they had offered about 4 per cent. during the week-end, but were not willing to go beyond this.

The collapse of the North Wuerttemberg-North Baden talks will inevitably be seen as a bad omen for other regions of the engineering industry, of which the biggest is North Rhine-Westphalia. Here, too, the IG-Metall leadership secured overwhelming backing from the rank and file last week for the principle of a strike, but it has held back so far from declaring one in the region.

North Wuerttemberg-North Baden, with over 600,000 workers in the engineering and metal-fabricating sector, is not only the second largest wage bargaining region, but has traditionally been a pace-setter in the terms of the wage contracts concluded there. This year, IG-Metall is trying once more to break new ground by inserting into the contract clauses that would protect its members' job security and also stop employers from re-classifying men downwards into less skilled grades as a result of certain new processes.

Given the underlying concern in West Germany at the longer-term job security of skilled workers, it is understandable that IG-Metall is at least as interested in this issue as it is in wage rates—though it has not stressed the job security issue in other bargaining regions.

The employers, echoing the line of argument of the West German Government, insist the only way to safeguard employment in the long term is to reduce cost pressures, which they claim have already been inflamed by the effects of the Deutschemark's effective revaluation.

The Government, for its part, has set out the target of 5.5 per cent. for the total increase of wages throughout the economy this year—a figure that leaves some latitude in individual settlements. Beyond exhortations to restraint and good sense from both sides, however, ministers have refrained from comment on the merits of the metalworkers' dispute, and are not expected to step in directly at this stage.

Meanwhile in the printing industry, where secret negotiations have also been taking place under the chairmanship of Herr Josef Stingl, head of the Federal Labour Office, there was no sign of progress.

The employers have threatened a national lock-out from to-morrow unless the printers' union, IG-Druck, calls off what they have called "annihilation strikes" against newspapers in Munich, Duesseldorf, Wuppertal and Kassel. The union has refused to do this.

Norway opposition warns against offshore oil boost

BY FAY GJESTER

OSLO, March 13.

NORWAY MUST not increase offshore oil activities in a panic attempt to solve its present economic difficulties, opposition spokesmen warned at the week-end. However, Prime Minister Odvar Nordli said the Government would "consider the advisability" of an increase, pointing out that offshore oil output was still far below the 90m. tonnes annual figure accepted by a majority of the Storting (Parliament) as a moderate extraction rate.

The strongest warning against the oil option came from Mr. Gunnar Stalsett, chairman of the Centre (Farmers) Party.

Prime Minister Odvar Nordli: considering an increase.

Addressing a meeting of party leaders and members of Parliament in Tromso, north Norway, he said a move to step up exploration and development would be "robbery with murder," and the surest way of forfeiting the benefits that Norway's oil resources could yield if more cautious policies were adopted. It would be "immoral," he said, to let "short term economic aims determine our oil policy."

Mr. Stalsett developed his argument at a news conference after the meeting. The only immediate results of accelerating oil activities, he pointed out, would be increased pressure on costs and the need to raise even more large loans abroad. The resulting income would, at best, not begin to flow for seven or eight years.

Another effect would be to hamper the necessary "Norwegianisation" of the country's offshore oil industry which is at present very much dominated by foreign companies and imported expertise.

The Centre Party was not seeking a reduction in oil activities, Mr. Stalsett stressed. The 50m. tonnes per year production ceiling, which his party regarded as reasonable, had not yet been reached. But the issue now was whether the pace of development should be stepped up. His party was against using oil policy as an economic regulator. It did not even believe that an increase in tempo would benefit the economy.

A motion approved at the Tromso meeting urged the Government to publish a new White Paper on petroleum activities. It pointed out that many of the previous White Paper's estimates and assumptions were now out of date or had been proved false—for instance, its production forecast, its cost and income estimates, and its assessment of the risks involved in offshore activities.

Another statement by the meeting rejected the idea of starting exploration north of the 62nd parallel until there was evidence that a "satisfactory level of safety" had been attained, and that the move would actually benefit local communities in the North.

Another opposition party the Socialist Left (SV) also rejected the idea that faster oil development could rescue the economic situation. In a statement at the week-end, the party's national executive claimed that the minority Labour Government had been pursuing "pure conservative policies."

It demanded a radical revision of present economic strategies as the price for the SV's support when the Government submits its forecast package of prices measures, early next month.

Swedish unions conclude moderate wage accords

BY WILLIAM DULLFORCE

STOCKHOLM, March 13.

IT WOULD take five years to get Swedish industry on its legs again, Mr. Curt Nicolin, chairman of the Employers' Association, said after concluding a national wage settlement with the trade unions at the week-end. It was now up to the Government to curb its lust for expansion and to keep down prices, he said.

The agreement, covering 1.4m. employees in the private sector, will give blue-collar workers a 5 per cent. wage increase up to October 31, 1979, and white-collar workers 4.2 per cent. These moderate increases were welcomed by Mr. Goesta Bohman, the Economy Minister, as falling within the Government's budget programme.

But the settlement provides for new negotiations, if prices rise more than 7.25 per cent. between January and December 1 this year. And trade union leaders immediately urged the Government to clamp on at least a temporary price freeze and to cut value added taxes.

In the first two months of this year, the consumer price index rose by 2.6 per cent., but Mr. Bohman believed the wage settlement would help to keep prices short of the limit that would spark off new wage talks. A price freeze on its own was no solution, he said.

The employers failed to break the blue-collar workers' "solidarity" stand, under which all lower income workers get the same increase irrespective of the profit situation of their branches. On the other hand the employers won an agreement for a period longer than the one year, which the unions first offered, and beat down the unions' original pay demands.

OVERSEAS NEWS

Kaunda threat to seek help from East

By Michael Holman

LUSAKA, March 13.

PRESIDENT KENNETH Kaunda, of Zambia, to-day declared that, should the West "recognise (Rhodesian Prime Minister) Smith and go to his side," Zambia "will have no choice but to go to eastern countries and ask them to come and support us. That will mean the conflagration has started in earnest."

It was his second public warning to the West within a week. Last Wednesday, he told Britain's new High Commissioner to Zambia that unless the West "begins doing something about human rights" in southern Africa, there will be a "holocaust."

Commenting to-day on last Monday's Rhodesian raid into Zambia, Dr. Kaunda spoke frequently of pressures on him to retaliate. He had so far resisted this pressure, he said, because to hit back would suit Mr. Smith, who was attempting to win Western recognition and support.

..."The question is how long can I continue to resist the legitimate rights of the Zambian people to be defended by their own air force?" The consequences of retaliation would be "grave, not only for Zambians but for mankind as a whole."

Describing what he called a 72-hour "wanton and premeditated" attack on Zambia by more than 200 Rhodesian troops carried in Chinook helicopters and backed by about eight jet fighters, Dr. Kaunda claimed that four jets, three helicopters, and one Beaver transport plane had been shot down. Three of them fell in the Zambesi River, which forms the border between the two countries.

Ten Zambian soldiers and 12 civilians died, including a mother and child, he said.

Economy may tip scales in southern Africa settlement

BY TONY HAWKINS

SALISBURY, March 13.

ALTHOUGH PUBLIC attention in recent weeks has focused on the military situation in southern Africa, and between Rhodesia and Zambia in particular, political sources in Salisbury emphasise the growing significance of economic considerations.

In Salisbury, the clear deterioration in the Zambian economy is seen as one potentially powerful factor that could narrow the yawning gap between the internal and external nationalists. At the same time, Rhodesian businessmen are soon going to be told of yet another across the board cutback in import allocations by as much as 20 per cent. in many instances.

This will be the second successive quarter in which import allocations have been drastically reduced. They were cut some 20 per cent. for the first quarter of 1978 and a further cutback is now being imposed for the second quarter of 1978.

The cutbacks reflect the difficulties Rhodesia is experiencing in selling exports—mainly attributable to international economic considerations rather than to economic sanctions as such. The country's problems have been compounded in recent months by two developments: First, the severe rains which are likely to reduce sharply tobacco and cotton yields. Many crops have been destroyed by flood waters and both the cotton and tobacco crops will be down in volume despite increased plantings.

Secondly, the tightening of economic sanctions against Rhodesia at the end of last year by the Swiss Government appears to have aggravated problems.

Business sources believe the lower quotas will further imperil many existing businesses — especially the smaller ones. They already have their backs to the wall because of depressed consumption, and military call-up (which affects all business).

If there is a light on the horizon though, it is the position of Zambia. Observers here believe the shaky Zambian economy could force President Kaunda to take a more pragmatic line towards Rhodesia's internal agreement. Last week's statement by Mr. John Mwanakatwe, the Zambian Minister of Finance, that the country was on the brink of economic collapse has encouraged some observers here to hope that President Kaunda may be willing to pressurise Mr. Joshua Nkomo of the Patriotic Front to return to Rhodesia to contest the planned December elections.

Co-leaders of the Rhodesian Patriotic Front, Mr. Robert Mugabe (left) and Mr. Joshua Nkomo.

Our Foreign Staff adds: Mr. Joshua Nkomo and Mr. Robert Mugabe, joint leaders of the Patriotic Front (PF), arrived in London yesterday for talks with Dr. David Owen, the Foreign Secretary.

Although the meeting is at the request of the two nationalists, Dr. Owen is expected to seek their views on the possibility of a further round of talks between the PF and the two Rhodesian-based nationalists, Bishop Muzorewa and Rev. Sithole, who signed an internal settlement with the Rhodesian Government 10 days ago.

There is little optimism in Whitehall that such talks can be held speedily, especially as in talks with Mr. Cyrus Vance, the U.S. Secretary of State, at the week-end the PF leaders are believed to have rejected any sort of conference with the so-called internal leaders.

Dr. Owen may face an additional complication this week when Chief Chirau, also a signatory to the Salisbury agreement, tries to see the Foreign Secretary. The Chief and his party have been excluded from recent British settlement initiatives on the unspoken grounds that they are stooges of the Smith regime.

OVERSEAS NEWS

TUNISIA

January violence leaves anxieties

By Margaret Hughes, recently in Tunis

TUNISIA IS anxious to reassure the outside world that stability has been restored following the outbreak of violence on January 26—the day Tunisia's first-ever general strike was called by Mr. Habib Achour, leader of the General Union of Tunisian Workers (UGTT).

Tunisia's sensitivity to outside opinion derives from its need to attract foreign investment and finance to achieve the ambitious targets of its fifth five year plan (1977-81).

It is still too early to judge whether or not Tunisia will succeed in restoring international confidence. Certainly there are few visible reminders of "Jeudi Noir," as January 26 is now remembered.

The situation nevertheless remains fragile. Several issues remain unresolved, giving rise to rumour and uncertainty. Not everyone shares the government's conviction that now the escalating unrest of the past year has finally come to a head, life can get back to normal.

Tunisians are still shocked by the violence which disrupted their normally peaceful lives. During the street fighting many people were killed—the official figure is 46 though the total is reputed to be nearer 140.

Altogether over 1,200 people were arrested both in the streets and at home, though no official list has been published. Many were immediately released. Many more were sentenced to between six months and 6½ years imprisonment.

But the key figures have yet to be charged. The number of trade union officials said to be under arrest—in "preventive detention"—varies from 40 to 100 but include Mr. Habib Achour and ten of his 12-man executive bureau.

Mr. Hedi Nouira, the Prime Minister, claims there is "absolute proof" that the strike was politically motivated.

Few argue with this claim. Even those who believe there were sound reasons for the social unrest concede that in the latter stages this has taken on political overtones, at least at the level of the UGTT executive. This is hardly surprising given that the UGTT has been the only cohesive opposition to the Government. No political parties have been legalised apart from the ruling Destour Socialist Party (DSP) which has been in power under President Bourguiba since Tunisia gained its independence from France in 1956.

Mr. Nouira and his ministers are convinced that the strike was a premeditated attempt to overthrow the Government. It was a threat which the Government took seriously. Having suffered five ministerial resignations in December over the dismissal of Mr. Tahar Belkhoja, the Minister of the Interior, it could hardly do otherwise.

The UGTT now has a new general secretary, Mr. Tijani Abid, an old UGTT hand and a member of Mr. Achour's executive. Mr. Abid and ten new executive members were elected at an extraordinary congress on February 25 after the UGTT statutes were changed so that the 13-man executive, rather than the 450 congress delegates, elected the general secretary, while it is claimed that the congress delegates themselves were "designated" rather than elected to attend.

At the same time the Government is planning to remove the "potential mobs of violence"—the young jobless—which it claims are used by political activists. It is working out a Service Civile scheme whereby these young people will be conscripted to work in factories or in agriculture where they will stay until they find alternative jobs.

Dispersing any potential opposition is merely a temporary solution. The tragedy is that in spite of the relative freedom that Tunisians enjoy compared with their Arab neighbours, political ambitions remain "undeclared" because of the one-party political system. Mr. Nouira says this is not so by law—only the Communist Party is banned and anyone else is free to form a party.

In practice, it appears impossible to form a legal opposition party. It has taken the Social Democrats two years to obtain the necessary authority to publish a weekly newspaper, Al-rai, as a platform for its ideas and an exchange of views. Even then each issue has to be vetted by the Ministry of Information and one issue—just after January 26—was banned, while the paper is facing legal action after only two months of publication.

The present five-year Presidential term has only some 18 months to run. President Bourguiba, who earlier declared himself President for life, has appointed the Prime Minister as his successor who inherits the position for the duration of the Presidential term.

The deterioration in the President's health, and he is in his late 70s, has raised speculation that he may die before the end of the present term. This would mean that Mr. Nouira would only be President for a matter of months until the elections when the presidency should in theory be thrown open to other candidates. As they have to be approved by the DSP, contenders outside the party hold little hope of being accepted as candidates.

Begin says Israel will be revenged on guerillas

BY DAVID LENNON

TEL AVIV, March 13.

"ISRAEL WILL amputate the arm of evil," Mr. Menahem Begin, the Israeli Prime Minister, declared to-day. "We will do what is necessary to defend this small nation with all the means at our disposal," he told the Knesset (parliament) this afternoon.

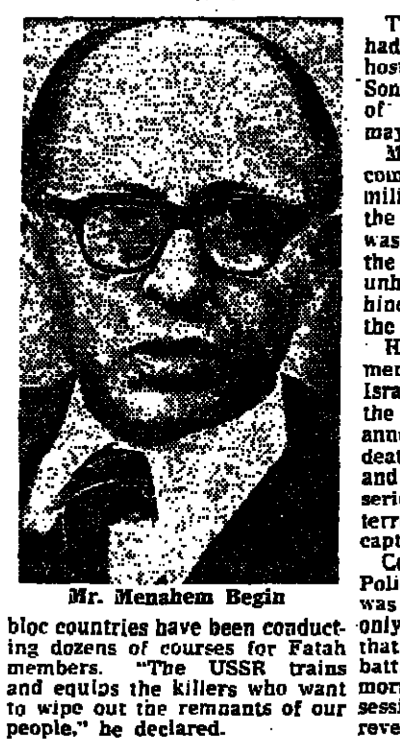
Earlier the Cabinet met in special session for the third consecutive day. They discussed Saturday's raid by Al Fatah guerillas.

Mr. Begin made it unmistakeably clear that Israel will retaliate for the Palestinian raid, reiterating that "the days have passed when Jewish blood can be spilled with impunity."

He called on the Western nations to close the Palestine Liberation Organisation (PLO) offices on their territory and to expel the PLO representatives.

The Soviet Union was singled out for bitter denunciation by the Premier, who asked: "What was the chairman of the killers, Yasser Arafat, negotiating with the Russian leaders in Moscow recently?"

He said Israel had learned that in recent months the Soviet bloc countries have been conducting dozens of courses for Fatah members. "The USSR trains and equips the killers who want to wipe out the remnants of our people," he declared.



Mr. Menahem Begin

The Prime Minister said there had been acts of heroism by hostages on the hijacked bus. Some had grabbed the weapons of the terrorists, he said, and may have killed five of them.

Mr. Begin announced that two committees would be set up, one military and one civilian, to study the events of Saturday. This was apparently decided because the Fatah group was able to land unhindered and remain unhindered for over an hour along the country's busiest highway.

He also expressed disappointment at the failure of any of Israel's neighbours to condemn the attack. The army spokesman announced to-day that the final death toll was 36 Israelis dead and 82 injured, eight of them seriously. In addition, nine terrorists were killed and two captured.

Commander Haim Tavori, the Police Commissioner, said that it was now certain that there was only one woman terrorist and that she had died in Saturday's battle. The Cabinet met this morning in extraordinary session, but no details were revealed about what was said.

Palestinians reinforce S. Lebanon

TYRE, LEBANON, March 13.

MORE THAN 200 Palestinian guerilla reinforcements have entered this South Lebanon port informed sources said to-day.

They said the extra men were brought in yesterday, apparently to counter any Israeli commando attack which they believe could follow the Palestinian raid between Tel Aviv and Haifa on Saturday.

The reinforcements belonged to Saiqa, a guerilla group led by Syrian officers, they said.

The city, controlled by Palestinians and their Lebanese Leftist allies, is an important entry point for arms shipments.

It is also surrounded by big Palestinian refugee camps and guerilla bases are concealed in nearby hills.

The area was tense but quiet to-day as residents braced themselves for what they fear will be inevitable Israeli retaliation.

Schools were closed and there were frequent patrols along the coast by guerillas in jeeps mounted with heavy machine guns. In the village of Nakoura, 15 miles south of here and only two miles from the Israeli border Palestinian guards said the area was very dangerous.

Meanwhile in Tel Aviv British Ambassador Mr. John Mason to-day described his feelings when he learned that the Palestinian guerillas who landed in Israel at the week-end had wanted him as a hostage to accompany them out of the country.

"When I heard they wanted me as a hostage, I locked up the doors of the Residence and left the dog hungry," Mr. Mason said.

The 11 guerillas, brought with them a letter written in poor Hebrew and containing a list of demands in exchange for the hostages they hoped to collect.

Reuter

More protests in Chinese factories

By Yvonne Preston

CHINA'S AMBITIOUS ten-year economic development programme continues to be threatened by serious factional disturbances in some of the country's key factories. A week-end report in the official People's Daily highlights troubles in a ballbearing factory in Kansu Province.

More serious still for China's modernisation policies, the troubles were said to have been fomented and supported by leading officials of the provincial machine building bureau.

The Factories Party Committee backed by senior provincial bureaucrats according to the report continued to "suppress the workers" and promote the Leftist policies of the Gang of Four.

As recently as last September, the committee, with a record of witch-hunting "capitalist roaders" and overthrowing "veteran cadres" during the Gang's pre-eminence, arbitrarily arrested a woman worker.

Sydney Morning Herald

Citicorp decision discounted

By Quentin Peel

JOHANNESBURG, March 13.

BANKING sources in South Africa to-day discounted any immediate adverse effects which might stem from the decision by Citicorp to stop loans to the South African government.

The sources point out that the Government is already virtually unable to raise capital on the international market; and certainly not for longer than the minimum redemption periods, up to three years. It has, however, been able to fund virtually all its capital requirements during the past year from the domestic market.

Citicorp has been one of 11 major U.S. banks lending to the South African Government and parastatals in the past. Although officials here would not give any details, a recent U.S. Senate report said the bank had participated in syndicated loans, mostly to the Government and its agencies, totalling R655m. (£390m.) between 1974 and 1976.

Syria stays silent over raid

By Louis Fares

DAMASCUS, March 13.

AS THE state-controlled Damascus Press came out in support for the week-end Palestinian raid into Israel's heartland, Syrian Government officials are maintaining a strict silence and declining all comment on the operation.

The media response was characterised by Western diplomats as "timid." There is evident concern here that the Syrian Government is anxious not to take responsibility or offer an excuse for Israeli charges against it.

The Press here has qualified the operation as a "daring operation." Al Baath, the organ of the ruling party, said that it had come as a reminder "to all those who want to forget the Palestinian cause and the fact that no peace in the region can be attained without recognition of the legitimate and inalienable rights of the Palestinian people."

Ethiopian advance continues

BY JOHN WORRALL

NAIROBI, March 13.

ETHIOPIAN forces, supported by Russian and Cuban mechanised units, are advancing rapidly through the southern and eastern Ogaden, mopping up isolated pockets of Somali guerillas and regular troops.

In one sweep, the Ethiopians reached the town of Dolo on the Somali border and only a few miles from the Kenyan town of Mandera.

Among the towns and villages retaken during the week-end, according to the National Revolutionary Operations Command in Addis Ababa, are Segeg, Qabridahare, Wardheer, Aware and Bokol Mayo.

These towns have been brought under the "full control" of Ethiopian regular and militia forces.

There have been no communiques from the Somali authorities in Mogadishu for days, but sources say the Somalis, some of their units broken and their men scattered, have virtually evacuated the Ogaden, which they invaded only eight months ago.

Meanwhile, there are signs that the United States is increasing its diplomatic image in Somalia, with considerable additions to its embassy staff. Four new officers dealing with aid have been appointed to the embassy, and one new political officer.

U.S. sources say that the American aid programme is to be expanded, and may include defensive weapons if Somali pledges a commitment not to dishonour the international boundaries of Ethiopia, Kenya or Djibouti.

The Americans kept a low profile in Somalia during the presence of the Soviet forces, who were asked to leave by President Barre last year.

SOUTH KOREAN ECONOMY

Combating protectionism

BY PETER WEINTRAUB IN HONG KONG

FEW developing countries have more to lose from protectionism than South Korea. The country's rapid economic growth over the past few years has been based largely on exports, and with worldwide annual sales now over $10bn., its foreign exchange reserves have risen to about $4.5bn. compared with only about $3bn. at the end of 1976.

Yet inspite of the impressive export performance, Seoul has continued to stick to a restrictive import policy. Purchases last year totalled about $10.5bn. (the balance of payments was in the black for the first time because of high invisible revenues) but the rate of growth for imports lags behind that of exports. By the end of this year, the Government expects foreign reserves to have passed the $5bn. mark, a sure indication that no early substantive import liberalisation is envisaged.

Resistance to import liberalisation stems from two principal considerations. Most important it is argued that the domestic business community, from whom the Government of President Park Chung Hee derives a good measure of support, is still unable to compete successfully against foreign manufacturers eager to flood Korea with consumer durables.

One of the implications of the restrictive import policy is already clear. Growing foreign exchange reserves added significantly to last year's 40 per cent. money supply growth and are seen as one of the principal reasons for the current 12 per cent. inflation rate. The Government is making efforts to control the growth of money supply but because no substantive measures to liberalise imports have been taken the main emphasis has been on reducing foreign exchange inflows through restricting the lending activities on foreign branch banks in Seoul.

The bias against import liberalisation has another side to it which in the long term could prove even more harmful to South Korea than inflation. Even as Korean officials criticise the protectionism of the West, their own resistance to reciprocal purchases leaves them vulnerable to the same charge and could be used to justify even sterner protectionist measures in future.

It is, perhaps, for this reason that Seoul has recently hinted that it intends to move towards import liberalisation by allowing more food and raw material imports, and reducing barriers against some capital equipment purchases. Yet many foreign observers are convinced that the programme is more a public relations exercise than a real effort towards trade reciprocity.

The Ministry of Commerce and Industry sees its principal constituency as the domestic business community and as a result can be expected to lobby strongly against any major moves to relax import restrictions. The Ministry of Finance also will resist import liberalisation, because it is convinced of the need to build up foreign reserves. So far, only the Economic Planning Board, with responsibility for long range economic forecasting, is believed to be urging an expansion of purchases.

The logic appears to be that in order to blunt the impact of protectionism, Seoul must buy more foreign machinery to produce industrial products immune from present restrictions imposed elsewhere. At the same time, the board probably sees the manufacture of these products as a requirement for continued domestic growth.

At this point, the best guess is that import liberalisation will continue to be very much of a secondary priority for the South Korean Government, at least until the end of 1978. By that time foreign exchange reserves may have grown to a level sufficient to allay the fears of the Ministry of Finance. If the Ministry of Commerce and Industry can be convinced that domestic business can compete against goods from abroad, it too could give the go-ahead to a substantive scheme of import liberalisation.

AMERICAN NEWS

THE STABILITY OF THE DOLLAR

Carter at the crossroads

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON, MARCH 13

THE CARTER Administration has been saying for some months now that, in marking down the dollar, the foreign exchange markets have been ignoring "fundamentals." The complaint has much justification to it. But there is another fundamental which has now been introduced into the equation that cannot be overlooked even by the President's supporters—whether or not Mr. Carter can get things done.

Suddenly, a series of disparate yet inter-related problems is coming to a head to test his leadership qualities severely. If he wins enough of them, as Mr. Robert Strauss, his resident political expert, claimed yesterday that he would, then confidence will be restored and the dollar, inter alia, will rise. The consequences of failure were not touched upon by Mr. Strauss. The state of play on the salient items looks roughly like this:

Dollar: Once again the Administration seems to have made the mistake of allowing expectations to be built up too much. It was one thing to smoothe over differences on a variety of subjects with West Germany. It was entirely another for Mr. Carter to let slip at his Press conference last Thursday that the two governments were planning additional measures to calm the foreign exchange markets.

Rumours, which the U.S. Treasury (but not, apparently, its German counterparts) tried vainly to discourage, ran wild, with the inevitable result that to-day's announcement was seen as more of a mouse than it was supposed to be.

As Mr. Anthony Solomon, the Treasury Under-Secretary, found out to his cost in Paris last month, it is not easy to soothe the markets in their current frame of mind. The U.S. is firmly set against internal deflation and protectionism and is deeply wary of engaging in heavy foreign borrowing. It also seems to have concluded that, in mending its German fences, it must cease exhorting the Federal Republic to do more on the domestic economic side. Since marshalling additional financial resources to protect the dollar is impressing no one, all eyes are turned to the next link in the chain, the energy policy.

The Energy Bill: This now possesses huge symbolic importance. In whatever form it emerges—if it does emerge—it will have minimal impact on oil imports for a couple of years. The Energy Bill is still in deep trouble in Congress. Senator Russell Long of the Finance Committee has pronounced the well-head tax on crude oil dead, and, at present, few would quarrel with his judgment.

A tortuous compromise on natural gas deregulation and pricing has been worked out, but it has taken three months to produce a tentative agreement along lines that were on the table before Christmas. Even if the well-head tax is dropped from the package, the Congressional ratification process is far from complete.

Increasingly, Administration sources are speaking of the necessity for the President to impose additional levies on imported oil, particularly if the well-head tax does die. The word is that such a decision may be forthcoming "within the next few weeks," depending on developments in Congress. But with relations between Capitol Hill and Dr. James Schlesinger, the Energy Secretary, fractious at best, the impression still exists that if anybody is calling the tune on energy it is such senators as Long and Jackson, not the Administration.

The Panama Canal: But the balance could be changed if the Panama treaties are approved by the Senate. The first key vote on the neutrality pact is on Thursday. This has now become the litmus test of the Administration's ability to persuade Congress and opinion remains finely divided on how the vote will go.

The Coal Strike: This has to date been more a test of Mr. Carter's executive leadership rather than his powers of persuasion over the legislature. At present, the union leadership and the coal operators are negotiating again, in part out of discontent with the Administration's approach. Nevertheless, a resolution of the coal strike soon could still be portrayed as a victory for the President.

Foreign Affairs: Postponement of Mr. Begin's visit because of the week-end massacre in Israel has merely put off the fateful day when an intractable problem has to be confronted. But the PLO raid has patently reduced the leverage which the President can bring to bear on Israel in the negotiations. It has certainly made more difficult the task of winning approval for the arms sale package. Failure to deliver the arms will not improve relations with Saudi Arabia, in particular, which could have further ramifications for the dollar. Equally, the President's standing with the U.S. Jewish community, with its considerable clout in Congress, is too low for comfort.

The President also faces a test on Soviet and Cuban involvement in the Horn of Africa.

The White House staff: The hot gossip is that a big re-shuffle is in the offing, perhaps accompanied by the infusion of new talent. Mr. Hamilton Jordan, the political counsellor, whose social peccadilloes have, if anything, increased the President's public affirmations of confidence in him, is said to be masterminding this effort. Too much still arrives on the President's desk for resolution, which is partly Mr. Carter's own fault and partly reflects deficiencies in the White House staff. There is no suggestion of immediate Cabinet changes pending.

In the background is the knowledge that the Congressional mid-term elections will take place in November. This will dissuade Representatives from getting too involved in controversial subjects. A variety of domestic measures, such as welfare and civil service reform, are likely to be held hostage as a result.

The specific dollar measures announced to-day are just part of this complex mosaic. It is true that there is now a greater awareness of the dollar problem than there was only a few months ago — as the Administration's willingness to tap its resources at the International Monetary Fund demonstrates.

But it is just as true that, if what is needed to help the dollar is evidence of Presidential leadership and Presidential success, then that could be provided on one of a number of matters which may not be causally connected.

BONN, March 13.

MR. JAMES CALLAGHAN, the British Prime Minister, said to-day that measures due to be announced by the U.S. and West German Governments should boost confidence in the dollar.

Mr. Callaghan said here that Herr Helmut Schmidt, the West German Chancellor, had briefed him on the proposed bilateral aid for the U.S. currency during six hours of talks last night. "I am certain they will be of assistance and they are something to build on . . . they should do quite a lot to allay uncertainty on foreign exchange markets," he said before returning to London.

Questioned on whether Britain would be taking part in moves to put new life back into the dollar, Mr. Callaghan said: "That is a matter I would be happy to consider, but I don't want to say any more." He said that his talks with Herr Schmidt, which took place at short notice at Britain's request, had covered world economic problems, disarmament, the situation in the Horn of Africa, the Middle East and East-West detente.

● IN Tokyo the Chief Cabinet Secretary, Mr. Shintaro Abe said that Japan had abandoned a plan to send a Cabinet Minister to Washington to discuss vigorous steps towards stabilising the value of the dollar.

Mr. Abe told a news conference that he discussed the matter with the Prime Minister, Mr. Takeo Fukuda, and that they had agreed there was no need to send a Minister at present.

They agreed that the Government should first analyse the agreement reached between West Germany and the U.S. for dollar stabilisation.

● In Caracas Sr. Valentin Hernandez, the Venezuelan Energy Minister, was quoted as saying that he did not expect the Organisation of Petroleum Exporting Countries (OPEC) to change the denomination of oil prices from U.S. dollars during a meeting of OPEC oil ministers proposed for next month. The newspaper El Nacional quoted Sr. Hernandez as saying that he has sent invitations to the oil ministers to attend an informal conference in Geneva during April.

Agencies

Swaps have become international habit

BY ANTHONY HARRIS

THE USE of central bank swap arrangements was started almost *exactly 17 years* ago under the Basle agreement of 1961, during the first of the long series of sterling crises which led to the devaluation of the pound six and a half years later.

A swap, like any other loan, is a way of buying time; the interval between the 1961 swap—the first of many—and the subsequent devaluation suggests that, at least under a fixed exchange rate regime, a good deal of time could be bought in this way.

This emergency device has now become something of an international habit.

The arrangement of swaps, under which central banks exchange holdings of each other's currencies, rather than of straight currency loans was to some extent a face-saving device, partly necessary to avoid the need for Parliamentary (and notably U.S. Congressional) approval, and partly from a desire to increase the total sum of world reserves.

Since reserves are a measure of the liquid resources available to central banks, and not of their net creditor position, a swap increases the reserves of both contracting parties, rather than transferring reserves from one to the other.

It seems incongruous that such a device would be invented at the moment, when the total of world reserves has been growing at a rate which alarms many central bankers.

However, as a practice hallowed by use, it has its advantages.

The first was probably not foreseen by the central bankers of 1961. An agreement to exchange currencies is not only a useful disguise for a loan, but it can be used by either party. By far the greater part of the $22.16bn. now available to the U.S. authorities under swap agreements is the counterpart of help offered by the Fed in the past to other central banks under pressure.

The Fed cast its bread on the waters, and can now scoop up the return.

The second advantage — at least from the point of view of the deficit country—is that the exchange risk is, as it were, on the other foot. The Bundesbank, or any other central bank whose currency is used to support the dollar, winds up holding dollars rather than a claim to be repaid in its own currency.

If the effort to support the dollar fails, it is the lender who carries the loss; but if it succeeds, he shows a profit. A swap is thus rather a firm declaration of faith.

However, a country which insists on hedging all its bets on the value of its own currency in this way may be thought to have little faith in its own cause.

The U.S. declaration of willingness to incur foreign currency debts with the IMF as part of the present operation is thus an admission that swaps alone are not enough in psychological terms, even if they are apparently adequate financially.

The most worrying point about the present arrangements for central bankers outside the U.S. is that interventions may weaken their own domestic monetary control. The sales of D-Marks—or pounds—by the Fed in New York has just the same effect on interest rates in Frankfurt and London, and on potential monetary growth, as similar purchases at home. It was the difficulty of controlling the consequences which drove Britain to float freely in November.

All the same, the speed and informality of a swap arrangement seem to retain an irresistible attraction.

Hopes in coal strike pinned on new talks

By Stewart Fleming

NEW YORK, March 13.

WITH NO SIGN yet of a widespread return to work by striking coal miners, hopes of a settlement to the 98-day-old dispute are pinned on renewed negotiations in Washington between the United Mine Workers' union (UMW) and the Bituminous Coal Operators' Association (BCOA).

Reports of the talks continue to suggest that progress towards a new agreement is being made. Some observers are suggesting that the negotiating teams could come to terms later this week, and there are already indications that the coal companies are making new concessions in an effort to end the dispute.

The BCOA has put forward a new proposal which would reduce the initial hospital payments by miners. Under the proposed changes in the health care system. It would go some way towards levelling pensions between miners who retired before 1974 and those who retired later. In return companies are seeking new production incentive proposals.

Significantly, the industry's new negotiating team includes no representatives from the steel companies, such as U.S. Steel, who have their own mines and have been taking the toughest stance in the talks. Both sides say there is an improved atmosphere at the bargaining table, partly because of the change of personnel in the negotiating teams, and partly because neither the UMW nor the BCOA wants to see the talks disintegrate into local, instead of national, wage negotiations.

A sign that agreement might be near will be when the union calls its bargaining council back to Washington. The council must approve a proposed settlement before it can be put to the 160,000 miners for a vote.

Early reports from the coalfields suggest that so far predictions that UMW members would defy President Carter's back-to-work order are proved correct.

NEW YORK CITY UNIONS

Split over pay negotiations

BY JOHN WYLES

NEW YORK, March 13.

ENDURING friction between union leaders of the 290,000 employees of the city of New York has been exacerbated by the new chief negotiator for the city's policemen, whose services have been obtained for $750,000 a year.

The Patrolmen's Benevolent Association has withdrawn from the coalition of unions which is jointly seeking to negotiate a new contract for municipal employees which will run from the beginning of July.

While the union leaders accept that there is very little scope for pay increases because of the municipal financial crisis, they are under intense pressure from their members and are being forced to adopt a militant approach at the start of negotiations with the city. Mr. Victor Gotbaum, who is chairman of the coalition of municipal unions, gave some clue as to the extent of rank and file pressures when, at the week-end, he blasted the police leadership for "raising the level of expectations instead of levelling with the cop on the beat."

Mr. Gotbaum and his colleagues are obviously fearful of the impact on their 250,000 members of Patrolmen's Benevolent Association demand that its members' pay should be raised from an average $17,558 a year to the $21,000 which has been secured by arbitration for policemen in nearby Suffolk and Nassau counties. Claiming the credit for these awards is Mr. Richard Hartman, senior partner in a Long Island law firm, who has now been hired by the New York city PBA to handle all of their legal affairs, including pay negotiations, at a fee of $750,000 a year.

The municipal unions have been incensed over the past few days by Mr. Hartman's public stance that a pay rise of more than $3,000 per year for policemen is entirely reasonable.

Talks on the policemen's claim open to-day, and the municipal unions will pick up the threads of their negotiations to-morrow, following an extremely acrimonious meeting with city officials on Friday. The unions are still pressing the city to withdraw its demands that the unions forego a number of established payments and work practices.

What is unclear is the extent to which the public jousting between the city and its unions is designed for the consumption of city workers, who have to be convinced that their unions have made the best of a bad job, and for the Congress, whose discussion on further financial aid for New York may be favourably influenced by a tough negotiating line by the city administration.

No one is yet ruling out the possibility of a widespread strike by city workers in support of their demands. On this front, separate negotiations with New York bus and underground workers are crucial. Their contract expires at the end of this month and a strike against city transport services might well attract the support of other employees, on the grounds that a broadly based confrontation might be the most likely to succeed in securing pay rises which the city says it cannot afford.

Volkswagen 'violated pollution rules'

WASHINGTON, March 13.

THE ENVIRONMENTAL Protection Agency (EPA) has accused Volkswagen of America and 12 of its dealers of knowingly violating pollution control requirements and said that it has turned the matter over to the Justice Department for action.

The EPA said that in 1976, it allowed Volkswagen to remove the catalytic pollution control converter because of reports that it caused overheating and other problems.

However, at that time, the EPA said, it insisted that certain engine modifications be made so that the cars conformed to the Clear Air Act requirements.

Reuter

Venezuela oil production down by 26.9%

Venezuelan oil production averaged 1,714,434 barrels per day from January 1 to March 8—down by 26.9 per cent. from the equivalent period in 1977, AP-DJ writes from Caracas. The production average so far this year was 633.7 b/d below the average 2,348,135 b/d produced during the equivalent period in 1977.

St. Lucia talks

Discussions on the next steps towards independence for the Caribbean island of St. Lucia will begin in London to-day and continue on Wednesday, our Foreign Staff writes. They will be conducted by Mr. Ted Rowlands, the Minister at the Foreign Office, and Mr. John Compton, the Premier of St. Lucia.

Navy court threat on N-subs

WASHINGTON, March 13.

THE U.S. NAVY has threatened to seek a court order to compel General Dynamics Corporation to continue work on 16 nuclear attack submarines.

The announcement came in response to a General Dynamics decision—taken on April 12 last year to stop work on the submarines.

The Navy statement said that in view of General Dynamics' decision to stop work on the submarines it will "take such steps in the courts or otherwise as may be necessary and advisable to protect the public's interest and the national defence."

AP-DJ

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WORLD TRADE NEWS

N. Zealand hits out at Japanese

By Dai Hayward

WELLINGTON, March 13.

IN A BITTER, strongly worded attack on Japanese trading activities, the New Zealand Prime Minister, Mr. Robert Muldoon, has suggested there should be "a concerted effort by all Japanese trading partners to tell the Japanese Government they have had too much of a good thing" and demand more co-operation.

Mr. Muldoon critercised what he called "commercial imperialism" and blind self-interest by Japan. The Japanese Government seemed oblivious that trade was a two-way street. Japan seemed to be prepared to respond to force.

● The New Zealand steel industry has won its first orders for 3,000 tonnes of steel wire rod for South Korea. It has also been given a second order for 2,500 tonnes of steel reinforcing rod from the People's Republic of China.

Both orders, won by the Government-owned NZ Export-Import Corporation, will be filled by Pacific Steel, which has two hot rolling mills in Auckland.

New Zealand regards the order from Korea, a leading Asian industrial nation and a big user of steel, as particularly important. Traditionally Korea has got her steel supplies from the U.S., West Germany or the Soviet Union.

The follow-up order from China has actually been placed before a first trial shipment of 2,000 tonnes ordered late last year has actually been delivered.

The company is also filling an order of 3,000 tonnes of steel wire rod for Saudi Arabia.

Shipyard chief asks Tokyo for better buyers' credit

BY DOUGLAS RAMSEY

TOKYO, March 13.

A JAPANESE shipbuilding executive has asked the Government to improve the terms of credit granted to foreign buyers placing orders with Japanese shipyards.

Mr. Hirotaro Nemoto, managing director of Ishikawajima-Harima Heavy Industries (IHI), said in an interview published to-day by the Daily Shipping and Trade News that Tokyo should provide "relief measures" to foreign shipowners to "prevent the cancellation of outstanding new building orders from overseas."

Mr. Nemoto also confirmed that the Japan Shipbuilders' Association (SAJ) has rejected a request from Greek shipowners for improved terms on their orders. The Greeks, according to Mr. Nemoto, asked the SAJ "to take such steps as the lowering of ship prices, chiefly for vessels already ordered, the modification of payment terms and the postponement of ship delivery. But the SAJ notified the shipowners' organisation that it cannot accept the request."

IHI's managing director pointed out, furthermore, that "similar requests are flowing in from other foreign shipowners." He disclosed that "more than half" of IHI's backlog of some 100 F series vessels ordered from abroad are the subject of talks with owners seeking price cuts, delivery delays, or cancellations.

Although urging the Japanese Government to give more favourable terms to foreign shipowners for new orders, Mr. Nemoto admitted that "to keep new buildings in our hands, we have no choice but to agree to share the expected losses with them, say, on a 50-50 basis, or to delay deliveries or to make other concessions."

Mr. Nemoto insisted: "The existing lending terms of the Export-Import Bank of Japan are totally unattractive in the eyes of foreign shipowners."

However, he did not indicate what sort of terms Eximbank might offer for ship export contracts without contravening the OECD gentlemen's agreement on export credit. At present it is understood that most new building contracts are accorded the maximum credit terms allowed under the OECD pact (in the case of Greek owners, 70 per cent. deferred over seven years).

Mr. Nemoto said he hoped IHI will manage to maintain at least at 40 per cent. rate of shipyard operation in fiscal 1978, and predicted that the February order of an 87,700-dwt tanker by Mr. Ravi Tikkoo's Globtik Tankers Neptune of the United Kingdom might be the start of a new wave of orders for medium-sized tankers.

Oil made three-quarters of U.S. deficit

WASHINGTON, March 13.

THE U.S. trade deficit with oil-exporting countries in 1977 was $21.9bn. accounting for more than three-quarters of the total U.S. trade deficit, according to Department of Commerce figures.

In 1976 the deficit with oil-exporting countries was $14.7bn. and the largest oil deficit in 1977 was with Nigeria. The U.S. exported $958.3m. worth of goods to Nigeria and bought $6.1bn. of mostly crude oil, creating a deficit of more than $5bn.

The U.S. ran a $8.9bn. deficit in trade with Arab nations and Iran in 1977, more than double the deficit in 1976.

The largest deficit with an Arab country was $3.5bn. with Libya. The U.S. exported $3.13m. of goods to the Libyans but bought $3.8bn. of oil.

The U.S. ran up a deficit of $2.8bn. with Saudi Arabia, sending $3.6bn. of goods to that country, importing $6.4bn. worth of oil.

Trade with Iran was almost in balance. The U.S. exported $2.7bn. worth of goods to Iran and imported $2.8bn. worth of oil.

U.S. deficits with Indonesia were $2.7bn., Algeria $2.6bn and the United Arab Emirates $1.1bn.

AP-DJ

Turks open talks with Russia

By Metin Munir

ANKARA, March 13.

TALKS OPEN here between Turkey and the Soviet Union next Wednesday on the 1978-79 trade protocol that will regulate foreign trade between them, based on clearance agreements, the Foreign Ministry said.

Trade between the two countries in the previous trading year was worth more than $160m.

Also during the discussions, lists of goods will be compiled that Turkey will export to the Soviet Union in payment of credits and interest. There will be a separate list of goods that the Russians will receive in exchange for the equipment supplied for the Iskenderun steel mill on the Mediterranean.

Meanwhile, talks opened here to-day between the two states on marking their joint maritime border in the Black Sea.

EMI division in £2m. deals

CONTRACTS WORTH nearly £2m. have gone to EMI Sound and Vision Equipment, mostly for export.

They include sales to Nigeria worth nearly £1.5m., comprising a £1m. three-colour camera television outside broadcast vehicle for Nigerian TV, and 12 radio outside broadcast vans, worth £400,000, for the Nigerian Broadcasting Corporation.

The company has also secured a contract worth £438,000 from the BBC to design, supply, and instal antenna tuning equipment.

Substantial orders from India expected during Dell visit

BY K. K. SHARMA

NEW DELHI, March 13.

SUBSTANTIAL orders for British products are to be finalised by Thursday when the meeting of the Indo-British economic committee, which began to-day, ends its discussion on ways to increase trade and economic relations between the two countries.

The British side has presented details of prices, delivery schedules and other aspects of a long "shopping list" presented to Mr. James Callaghan when he visited India in January.

The "shopping list" is mainly for capital goods such as coal mining machinery, generating sets and equipment for modernisation of Indian plants.

It is in line with the Indian Government's decision to raise imports substantially to use the growing foreign exchange reserves for development of the economy. When finalised, orders for British companies will run into many millions of pounds but no firm figure is available at present.

The British delegation to the committee's meeting is being led by Mr. Edmund Dell, Secretary of State for Trade, who pointed out firmly that the Indian Government must make positive decisions to reduce the trade imbalance which is running heavily against Britain.

He is reported to have presented figures to his Indian counterpart, Mr. Mohan Dharia, to show that British goods were competitive.

Mr. Dharia pointed out that the imbalance in bilateral trade had been reduced in 1977 to £105m. from £150m. in 1976 but Mr. Dell said this was due to other factors and not because the Indian Government had taken deliberate measures to increase imports from his country.

Both agreed to examine carefully the question of the auction of tea in London after Mr. Dharia said recent official reports in Britain and India had shown that the auctions were not in the interests of either country.

Angola gets Cuban export aid

BY HUGH O'SHAUGHNESSY

CUBA IS helping the Angolan Government with international marketing of some exports and buying some imports, according to diplomatic sources in Havana.

The Cuban authorities have considerable expertise in the commodity markets, especially sugar, where Cuban exports are important. Cuba is also a small exporter of coffee and a growing seller of citrus.

That expertise is believed to have been put to work for the Angolans, whose ability to obtain the best prices for some products has been harmed by recent turmoils. The Cubans are thought to be giving particular attention to marketing Angolan coffee, which is still plentiful despite the disruption caused by the fighting.

The Cuban state trading organisations are understood also to be ordering in their own names goods that are subsequently shipped to Angola. Some European suppliers seem to prefer dealing with Cuban buyers rather than representatives of a country with continuing economic problems.

Although Cuba has had severe difficulties with imports after the collapse of the international sugar price from the record levels of 1973-74, its international credit is bolstered by its full membership of Comecon.

The Angolan Government has allowed the fast growing Cuban fishing fleet, whose catches, Havana says, have sextupled in the past 15 years, to fish in Angolan waters.

According to the Cuban Chamber of Commerce, its fleets might be excluded from their usual fishing grounds by the extension of the maritime economic zones of the countries of Latin America, the United States, Canada, the EEC and the USSR. Cuba has already agreed to pay Mexico for the right to continue fishing in the Gulf of Mexico and signed an agreement with Canada.

GATT forecasts modest growth in world trade

BY DAVID EGLI

GENEVA, March 13.

WORLD trade in the first half of the current year can be expected to increase only modestly, according to the Secretariat of the General Agreement on Tariffs and Trade (GATT).

It notes that the slowdown which occurred in the second half of last year can be reversed only gradually and that protectionist measures introduced in recent months inhibit the expansion of trade both directly and also indirectly "by creating uncertainty regarding conditions of market access in the future."

Although the value of world trade last year, set at some $1,150bn., increased by about 13 per cent. in dollar terms—roughly the same as in 1976—the GATT notes that world trade decelerated sharply in volume terms.

Here the increase last year was a mere 4 per cent., compared with 11 per cent. in the previous year. The overall figure reflects in particular a marked levelling off in trade growth in the second half of the year.

The difference between growth in value and in volume represents a 9 per cent. increase in dollar unit values in world trade, compared to a 2 per cent. rise in 1976.

But, in turn this statistical change in average unit values is a composite of increases in domestic prices of goods entering world trade and fluctuations in the exchange rate of the U.S. dollar in which world trade is measured.

The rise in unit values was fairly uniform among all major product groups. Industrialised countries manufactures increased by 9-10 per cent., those of developing countries somewhat less. Export prices of petroleum rose by nearly 10 per cent. and on average other primary commodities chalked up a 10 per cent. dollar value increase over 1976.

Exports of the industrial countries expanded at about the same rate as imports, about half as fast as in 1976. But there were significant differences as between different countries.

Britain and Canada saw their export volumes move ahead by 9 per cent., France by seven, Germany, Japan and Italy by five, while there was practically no change in the export volume of the U.S.

On the imports side, the U.S. saw the largest volume growth, plus 12 per cent. The growth was set at 5 per cent. for West Germany, 2½ per cent. for Britain and Japan, with no increases for France and Italy.

Panther output to rise

BY STUART ALEXANDER

A MAJOR increase in production is being planned by Panther Westwinds, the Surrey-based specialist car manufacturer, to meet demand in the United States.

It is holding talks with the U.K., Belgian and French departments of industry about a new plant which, initially, will produce about 1,000 of its Lima sports cars a year. Alternatively Panther may join with an established car producer in Belgium or France to use existing line production capacity for the cars.

The decision is expected in about four to five weeks and yesterday Mr. Bob Jankel, founder and managing director of Panther, said that the company or country coming up with the best package would win.

Production is to be boosted to between 5,000 and 10,000 a year within two years with some of the cars earmarked for Japan and Australia, where Panther is already established. The money for the project was raised in the United States when the importer there, Buckingham Motor Imports, went public. But Mr. Jankel said yesterday he was hopeful that the company would be required to put up only a minimal investment, particularly if it were to co-operate with an existing manufacturer.

Swiss phone experts link

BY JOHN WICKS

ZURICH, March 13.

EXPORTS OF Swiss expertise in telecommunications are to be promoted through a joint effort by Radio Schweiz, an affiliate of the Swiss post office, and the private consortium Teleconseil.

Several projects are being developed under the trade name Telesuisse, among them two regional communication satellite systems, television production and telephone-exchange centres and a telex and telegram network.

Companies belonging to Teleconseil are Bonnard et Gardel (Lausanne), Compagnie d'Etudes de Travaux Publics (Lausanne), Elektrowatt Ingenieurunternehmung (Zurich), Emch and Berger Bern, Gruner (Basle), Ufficio d'Ingegneria Maggia (Locarno), Motor-Columbus Ingenieurunternehmung (Baden), Societe Generale pour l'Industrie (Geneva) and Suiselectra (Basle).

● The Swiss engineering company Landis and Gyr, of Zug, and Hindustan Machine Tool International have jointly received an order from the Algerian state gas and electricity corporation to equip two meter factories at Al-Eulma, eastern Algeria. The plants will produce household meters and have a contract value of some Sw.Frs.12m. Landis and Gyr will also provide a training centre.

U.K. sells Trinidad more

BY DAVID RENWICK

PORT OF SPAIN, March 13.

TRINIDAD AND Tobago bought British goods worth £97m. in 1977: £23m., or 31 per cent. more than the amount imported in 1976.

The increase was mainly due to higher sales of British motor vehicles of all kinds, including cars, trucks and buses, most of which are shipped to Trinidad in CKD (completely knocked down) form and assembled in local factories. Some £20m., or more than a fifth of total sales fell into that category.

Other important British exports to Trinidad and Tobago last year, according to the British High Commission in Port of Spain, were electrical power machinery (£3,890,000), distilled alcohol, mainly whisky (£3,170,000), medicaments (£3m.), milk (£1.8m.), books (£1m.) and knitted fabrics (£1m.).

Sales of British goods to Trinidad and Tobago accounted for 49 per cent. of all British exports to the Caribbean Community and Common Market (CARICOM), 37 per cent. of all British exports to the Commonwealth Caribbean territories (not all of whom belong to CARICOM) and 26 per cent. of all exports to the entire Caribbean (including Puerto Rico and the French and Dutch islands).

The value of Trinidad and Tobago as a market for British cars in particular is illustrated in the fact that between 1975 and 1977, sales of U.K. passenger cars increased from 4,474 to 7,457.

For its part, Trinidad and Tobago exported goods worth £30m. to Britain last year, a drop of £18m. compared with 1976.

That was caused by a decline in sales of Trinidad petroleum products, which decreased from £28m. in 1976 to £5m. last year, as the U.K.'s own petroleum production rose.

If oil is discounted from the figures for both years, however, Trinidad's non-petroleum exports to Britain, at £25m. last year were in fact 25 per cent. higher than 1976, mainly because of higher prices obtained for sugar shipped under the EEC quota and for rum.

HOME NEWS

Vosper wins £2m. order from Shell

BY LYNTON McLAIN, INDUSTRIAL STAFF

VOSPER Shiprepairers, part of British Shipbuilders, has won a £2m. order from Shell Exploration which could increase the yard's Southampton workforce by nearly 20 per cent. this year.

The move is a major diversification into offshore engineering, which will account for 25 per cent. of the work in the yard by Christmas. Employment is expected to rise by 300 to almost 2,000.

The Shell order is for a large module to hose staff on offshore oil production platforms. Work will start in May, 1978, for completion in the autumn.

Most of Vosper Shiprepairers' work has come traditionally from warship refits, but yesterday the yard said its long-term plan was to obtain more offshore and merchant ship repair work.

There were now "very good prospects" for engineering equipment sales in the existing North Sea oil fields and in the developing waters off Dorset, close to Vosper's deep water site.

The Shell order follows the experimental building of a small laboratory module for Exploration Logging, of Windsor, which began 18 months ago. Now Vosper is "knocking on the door of all the major oil companies for work," Mr. John Wilde, chairman, said.

He said there were definite signs of an upsurge in North Sea requirements. The demand for higher safety standards would lead to more modification work.

The first drilling was expected in a few weeks off the Isle of Wight, work which would "dovetail with the expected downturn in North Sea requirements in two or three years." The new work would "just about compensate for the fall in military refit work."

Lloyds to expand ready-cash service

BY MICHAEL BLANDEN

LLOYDS Bank is to expand its out-of-hours cash withdrawal service through its computerised cash dispenser machines.

The bank has ordered 200 IBM self-service cash dispensing terminals. About 100 are to be used as an extension of the present Lloyds cashpoint service and will be installed in the walls of existing branches.

The rest of the machines are to be installed inside branches and in places such as stores, hypermarkets, hospitals and universities.

The move is a further sign of the efforts by the banks to provide access to basic banking services when branches are closed. Already this year, Barclays has announced a doubling of its Barclaycard outlets with an order for 100 more NCR machines.

Lloyds claims to have been the first major U.K. bank to install computer-linked cash machines, providing flexible access to cash withdrawals. It now has 670 IBM terminals processing more than 300,000 withdrawals a week, involving some £5m. in cash withdrawals.

In November 1976, the bank started to instal through-the-wall cash dispensers outside branches. It has 36 in operation at present with another 50 expected to be working by the end of this year.

The new order will give Lloyds more than 1,000 on-line cash dispensers connected to its central computer.

Alcan plans push in window market

FINANCIAL TIMES REPORTER

ALCAN U.K. is planning to capture a dominant slice of the £100m. market for windows in new homes through the formation of Alcan Windows, which will manufacture and market aluminium windows from April 1.

"Aluminium was a proven material which did not warp rot or need painting and as such was virtually maintenance free for the life of any house," Mr. Alan Paterson, Alcan Windows managing director, said yesterday.

The range will compete with traditional but warp-prone timber windows.

Alcan Windows, one of the U.K.'s largest window operations, has been formed in a reorganisation of Alcan's finished products division.

Gardiner Alumin, a recent acquisition making the Weathergard range has been merged with suppliers Alcan Booth which last year encountered difficult trading conditions marketing Aluglaze window and door products.

Management and marketing are to be relocated at Gardiner's Weston-super-Mare manufacturing base.

Alcan, British arm of the diversified Canadian aluminium producer, hopes to penetrate the private and public building sector. An export drive is also planned.

Signode to build £6.5m. plastic plant in Swansea

BY ROBIN REEVES, WELSH CORRESPONDENT

A PLASTIC strapping plant costing £6.5m. is to be built in Swansea, South Wales, by Signode, with the aid of a £750,000 Government grant.

The grant is being made under the selective investment scheme and this was evidently instrumental in persuading Signode's U.S. parent company to site the project in Swansea, rather than at its Dusseldorf factory in West Germany.

Mr. Thomas Erwin, Signode's president, said that Dusseldorf had advantages over Swansea, but these were neutralised by the grant and other financial aids.

The plastic strapping production line will be the first of its kind in the U.K. It will create at least 50 jobs and, according to the Department of Industry, benefit the U.K. balance of payments by up to £11m. a year.

Agreement near on code for heat and ventilation

CONTRACTORS and manufacturers in the heating and ventilation industry are nearing agreement on a new code of practice aimed at bridging the gap between the differing methods of trading of the supplier and the contractor.

The agreement is being drafted to avoid transgressing restrictive trade practices legislation and will be subject to the approval of the Office of Fair Trading. It will mean that both sides of the industry will develop a systematic framework for pricing, delivery programme and payment.

The Heating and Ventilating Contractors' Association said three issues had been obstacles to smooth contract progress: manufacturers' conditions of sale; problems associated with suppliers' reservation of title (ownership) clauses; and the use of a formula method to adjust for fluctuations in price.

Hospitals given extra £640,000

A COUNTY health authority which threatened to close hospitals and save on patients' food because of lack of funds was given an extra £640,000 yesterday.

The cash for Cornwall was approved by the South West Regional Health Authority, which is also considering proposals for a £6m. hospital development at Treliske, Truro, in the early 1980s.

Junior doctors at the Royal Cornwall Hospital, Treliske, recently complained that because of lack of funds, patients were having to wait for treatment and were being returned home early from hospital.

A delegation from Cornwall Health Authority later saw regional officials and warned that they would be £640,000 in the red by the end of this month.

They drew up an austerity package which involved closing small, uneconomic units and saving on patients' food.

Mr. Trevor Rippington, the regional treasurer, said yesterday that the extra money meant that drastic cuts in patients' services could be avoided.

Cossor service centres plan

COSSOR ELECTRONIC'S service division is to set up regional centres in the City and in Manchester because of expanding business.

£5m. plan to boost Reed factory

REED CORRUGATED CASES is to spend £5.35m. on developing its Edinburgh factory and improving equipment.

The factory, which employs 400 people, supplies corrugated cases to the manufacturing industry in Scotland and to the Scotch whisky industry.

The company, which is part of Reed International, says: "Extensive modifications will be carried out to the production machinery at the plant to introduce recent technological advances in corrugated fibreboard manufacture.

"This, combined with the installation of more sophisticated conversion equipment, will increase both the capacity of the factory and its facility to satisfy customers' requirements." The company expects the work to be completed in 12 to 18 months.

The Reed group employs 5,000 people at 14 manufacturing sites in the U.K. The investment in the Edinburgh factory is part of a £25m. four-year programme by Reed Corrugated Cases.

Reed is to receive a £1.13m. grant from the Government under the Paper and Board Industry scheme, it was announced in November.

Bread price rise 'vital for bakers'

BY DAVID CHURCHILL

A RISE in the price of bread is essential to maintain the financial viability of the major plant bakers, according to a survey of the baking industry by Jordan Dataquest.

It suggests that the future facing the bakers is black. "If production is cut back standing overheads will become more and more crippling. The future for plant baking, therefore, seems to inevitably relate to the future price of the standard loaf."

The major bread producers are already believed to be planning a new bread price increase to take account of rising costs. Only last month one of the major producers, Ranks Hovis McDougall, applied to the Price Commission for an increase in flour prices.

Jordan's survey, which was published yesterday, reports that the price of bread in the U.K. is as much as 2.5 times cheaper than in the great majority of other EEC countries. The profits on bread in the U.K. are described as minimal.

According to the survey of 189 U.K. baking companies, about 75 of which are privately owned, margins have deteriorated since a survey last year. The top ten private companies average only 2.8 per cent. profit margins compared with 4.2 per cent. last year. The number of loss making companies in the survey has risen to 42—about 22 per cent. of the total compared with 19 per cent. last year.

One of the companies shown to be performing against this trend is Warburtons, the largest private company in the survey. In the year ended September, 1976 its sales totalled £25.1m. with profits of £1.4m., a margin of 5.6 per cent.

Only one other company in the top ten private bakers, Stanley Hill and Son, managed to equal this performance.

Baking Companies. Jordan Dataquest, 47, Brunswick Place, London, N1 6EE, £34.

Tests at Lake District mine

EXPLORATORY working of the Force Crag barytes mine at Braithwaite, near Keswick, has been agreed by the development control committee of the Lake District Special Planning Board.

Committee members decided after visiting the site, that work could be permitted to test he naure and extent of the barytes zinc and lead deposits still there.

It was worked as a mine up to about 1960. The committee stipulated that the waste ore should be tipped in a hollow away from the nearby stream.

Mr. Robert Gunn, the mine manager, said he expected the mine would be in operation by the end of the year, employing up to 20 people.

GEC director attacks Whitehall 'interference' in business

GOVERNMENT intervention in business was attacked last night in a paper delivered to the Royal Society of Arts, Manufacturers and Commerce.

Mr. Ronald Grierson, a director of the General Electric Company, accused ministers and civil servants of trying to take an entrepreneurial role—supposedly in the national interest—while bypassing the necessary disciplines of capitalism.

Private enterprise was suffering as a result because it was having to bear the burden of a huge public sector shielded from the competitive realities of business life.

"Entrepreneurial government bestows its patronage selectively and at random," said Mr. Grierson, former deputy chairman and managing director of the now defunct Industrial Reorganisation Corporation.

"Under the banner of 'backing winners,' ministers and civil servants fancy themselves as latter-day Carnegies or Rockefellers; and hundreds of millions of taxpayers' money are ventured on what was once called 'headlong charges down frustrating cul-de-sacs'." He said that "investing from the hip" would be another way of describing these adventures.

"What is surprising is how rarely this conduct of government is challenged in practical terms. Public opinion somehow seems to be more preoccupied with the theoretical foundations of state intervention, with its legitimacy in constitutional terms.

"Not that this is unimportant the blacklist revelations of recent weeks show all too clearly how vigilant one needs to be on that front.

"But the question to be asked about the state as entrepreneur is not simply 'May the state do this?' but rather 'Is one iota of extra national wealth likely to be created by so much frantic busy-bodying?'"

Mr. Grierson said that the justification for this type of entrepreneurial intervention was said to lie in the malfunctioning of the capitalist market economy. The argument was that major financing and investment decisions could no longer be taken without the state's corporate wisdom and vast resources.

The trouble with this line of thought was that the market economy could not be relied upon to deliver specific economic situations. Mr. Grierson said that this irked Whitehall and that the cardinal mistake made by the centralised bureaucrats was to behave as if economic truths could be "known."

In real life, what passed for knowledge—for the purposes of deciding the best way of producing the right products—was primarily a matter of judgement or even guesswork.

"Corporatism is the frame of mind in which producers, instead of facing the risks and penalties and, of course, also the rewards, of the free market, huddle together in the bunkers of Whitehall and Millbank and, in the name of some mystical public interest, try to rationalise their relationship with each other with the government of the day," he said.

"Competition, with the accompanying penalties for failure, is not man's natural habitat. He accepts its disciplines only if, and to the extent to which, the rewards for success are correspondingly enticing. When these rewards cease to attract him the average businessman either opts out or seeks the safe anchorage of the corporate state and the cosy get-togetherness of the world of Neddy and public patronage.

"Whenever a particular industry comes under Neddy scrutiny, the predictable discovery is that if only there were more collaboration and less competition and if only the Government would support—a convenient euphemism for subsidies—certain unprofitable activities, that industry would improve its compliance with the national interest.

"If the national interest is deemed to lie in increased exports, Whitehall stimulates them by selective subsidies or guarantees; if the national interest is deemed to lie in shrinking an industry down to a single U.K. firm, incentives are offered to induce several firms to merge.

"If the national interest is deemed to lie in a so-called incomes policy, Government tries to bully firms which see things differently by threatening punitively to withhold public sector contracts, export guarantees or permission to raise insurance premiums. No unconstitutional monarch of the 18th century could have been more wilfully arbitrary."

HOME NEWS

Worst post-war year for iron foundries

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

PRODUCTION of iron castings—one indicator of the health of U.K. engineering—fell in 1977 to their lowest post-war level. Output at 2,795,000 tonnes represented a drop of 5.7 per cent. on the 1976 level.

The Council of Ironfoundry Associations also estimates that a further 18 iron foundries shut down in 1977, leaving an estimated 714 still in operation.

However, officail statistics show that the industry's work force increased from 79,569 to 80,861.

The industry, forced by problems in the home market to push exports more strongly than ever, managed to increase direct exports from 174,100 tonnes in 1976 to 175,600 tonnes.

At home, production of castings for the major customer—the automotive industry—were affected by unsettled conditions which saw production of an estimated 400,000 cars lost because of industrial disputes.

As a result, what might have been a good year for the foundries supplying automotive castings ended with a 1 per cent. fall in output to 792,100 tonnes.

Output of tractor castings fell by only 1.5 per cent., much less than the fall in sales of wheeled tractors—8.7 per cent.—a performance again affected by industrial trouble.

Only the foundries making engineering iron castings showed any perceptible increase in output last year, with tonnage up by 3.5 per cent. to 524,200 tonnes.

Within that overall total, there was a 10 per cent. rise in demand for machine tool castings and one of 9 per cent. for castings for ships' engines, turbines and so on.

Sales of castings to the building industry fell by 14 per cent. to 274,500 tonnes. Output of cast iron baths, stoves and castings for furniture and domestic appliances fell 7 per cent. to 87,500 tonnes, about half the 1970 level.

One of the three remaining foundries making cast iron baths closed last year.

Production of pressure pipes and fittings fell by 23 per cent. to a new low of 205,000 tonnes, mainly because of local authority expenditure cuts.

Barclays chairman suggests exchange control loosening

BY MICHAEL BLANDEN

MR. ANTHONY TUKE, the chairman of Barclays Bank, advocates a "measured loosening" of U.K. exchange controls to help make the best use of North Sea oil revenues.

In his annual statement to-day, Mr. Tuke also re-affirms the bank's intention of maintaining its operations in South Africa, which have been heavily criticised by anti-apartheid organisations. He insists that this offers the best hope of achieving a more tolerant society there.

Commenting on the benefits of North Sea oil, Mr. Tuke says that priority should be given to improving the U.K.'s productivity and increasing its foreign earning power. In particular business desperately needs a long period of confidence which can only come from "steady and sympathetic Government policies."

It also requires, he says, a "sustained reduction in the absurd level of taxation, in particular at both ends of the range." He goes on to argue that "there is now an opportunity to exploit Britain's skills in foreign investment by a measured loosening of exchange control."

He says the prohibition of sterling finance of third-country trade, introduced as part of the emergency measures to help sterling in late 1976, is "unjustified," especially as the main cost of removing it would be of a once and for all nature.

Mr. Anthony Tuke

Regarding the bank's involvement in South Africa, at a time when Citicorp, the second biggest U.S. bank, has just announced that it is to end loans to the South African Government and its agencies, Mr. Tuke maintains "we cannot believe that the under-privileged majority can possibly be helped by withdrawal of foreign investment"

He admits that events of the past six months, including the death of Mr. Steve Biko and the decision to detain a number of people, made a dent in the bank's policy. But the bank's policy, he says, remains "to stay in South Africa and use all the influence we have to try to bring about a happier and fairer society."

On the bank's own results, which showed pre-tax profits up from £197.9m. to £267.6m., Mr. Tuke draws attention to the impact of inflation. The bank's inflation-adjusted accounts show that a total of £69.6m. was needed to maintain the value of its working capital, and with other adjustments brought the pre-tax profit down to £177m. against £124.8m. in the previous year.

● A warning of possible increases in bank charges was given yesterday by Mr. Douglas Horner, senior general manager of Barclays. He said that the bank's operating costs had risen further since the last increase in charges for running current accounts had been approved by the Price Commission in April, 1976, and would justify a further application for rises.

However, the bank would wait for the outcome of the current Price Commission general examination of the money transmission services of the clearing banks as a whole—the report is expected around the end of this month—before making any moves.

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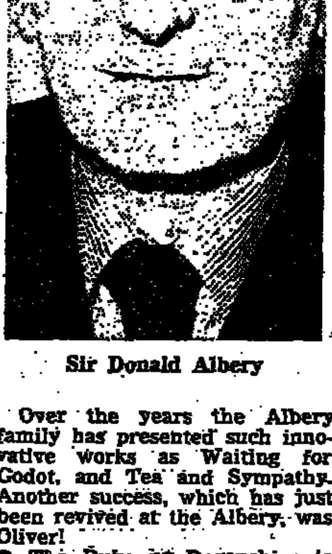
Albery sells interest in five theatres to newspaper group

BY ANTONY THORNCROFT

SIR Donald Albery, whose family has been involved in the London theatrical world for more than a century, has sold his majority interest in five theatres to Associated Newspapers. The theatres are the Albery and Wyndhams, built by Sir Charles Wyndham, a relative, at the turn of the century, the Criterion, Piccadilly and Donmar (Warehouse), the new experimental theatre in Covent Garden.

Health reasons have forced Sir Donald, who is 64, to sell. His son Mr. Ian Albery, who is deputy managing director, will succeed his father as managing director, and managerial control is expected to remain with the Albery family.



Sir Donald Albery

First venture

This will be Associated Newspapers' first venture into the theatrical world. The property potential in its investment seems minimal, since the theatres are protected and the Albery family has been at the forefront in preserving London's theatres.

There is potential on the production side through Donmar Productions, which puts on plays. There is also scope in developing Donmar's leasing activities—it supplies theatrical props, lighting equipment, stage equipment, and the like, to more than 200 companies throughout the U.K.

Mr. Ian Albery said last night that he did not expect any change in the policy of Donmar Productions.

Over the years the Albery family has presented such innovative works as Waiting for Godot, and Tea and Sympathy. Another success, which has just been revived at the Albery, was Oliver!

● The Duke of Devonshire is appealing for £100,000 towards the total restoration cost of £500,000 of Buxton Opera House, Derbyshire, locked up since the end of the war.

Derek Crouch plans U.S. coal venture

BY PAUL CHEESERIGHT

DEREK CROUCH, one of the biggest of the U.K. open cast coal operators, is expanding into the U.S. for its first mining venture overseas. It is taking 60 per cent. of a new company making a £8.9m. investment in western Pennsylvania coal properties.

Derek Crouch, with headquarters in Peterborough, said yesterday that the new company would be called Power Inc. Crouch's partners are two fuel distributors serving the eastern U.S., Erickson of Johnstown and Summers Fuels Inc.

Crouch is financing its share of the investment by loans. The initial equity base of Power Inc. will be \$4.8m. (£2.5m.) of which Crouch's share is £1.5m. This sum will be met by a Eurodollar loan.

The rest of the investment in the coal properties, which are being purchased from an undisclosed company, will cost Power Inc. \$12.2m. (£6.4m.). A medium term loan has been arranged with a U.S. bank.

The coal properties contain 20m. tons on 20,000 acres of land. Mining will be by the open-cast techniques with which Crouch is familiar, and initial production is set at 750,000 tons a year, rising to 1m. tons.

Mr. R. Scott, the financial director at Crouch, explained that the company had been looking at various parts of the world for a new mining venture and had been attracted to the U.S. by the expansion in coal production envisaged in President Carter's energy plans.

The company does not expect a dividend from Power Inc. in the first year of operation, although Power Inc. is expected to operate profitably.

The operation starts with the firm base of a long-term contract to provide Potomac Electric Power with 500,000 tons a year.

Power Inc. is hoping to win additional long-term contracts and it is in this connection that Crouch's partnership with Erickson and Summers will be of especial significance.

Crouch, which last week announced a rise in pretax profits to £2.47m for last year from £1.82m. in 1976, follows in the steps of Consolidated Gold Fields, which said last November it was spending £19.2m. on a coal venture in Tennessee.

English China Clays to build U.S. plant

FINANCIAL TIMES REPORTER

A CLAY-PRODUCING plant will be built in Georgia, U.S. by English China Clays, the company said yesterday.

It is the second American deal concluded by the British company, which accounts for about 80 per cent. of U.K. clay production, and brings its total recent investment there up to \$8m.

The plant will produce high-brightness calcined clay mainly for the paper and coating markets.

Construction should begin in spring, and production should rise from an initial 20,000 tonnes to about 50,000 tonnes.

The company's American subsidiary, Anglo-American Clays Corporation, set up a joint venture recently with Flintkote Company of Connecticut to produce calcium carbonates for the paper and paint industries.

Italy and Australia, are also main areas for expansion by the company.

Victory for parents who ran own school

PARENTS WHO set up their own school for their children during a row with their education authority have won their battle over which school the youngsters should attend.

A loophole in the Education Act helped the parents of 11 Leicestershire children win the 11-month battle.

Education Secretary Mrs. Shirley Williams has agreed that the children can attend Soar Valley Comprehensive in Syston against education authority wishes because the authority cannot prove that their attendance would increase the education bill, as required by the Act.

But other parents will not be able to exploit the loophole. Mrs. Williams intends to introduce legislation to make parents obey school allocation rules.

The rebel parents registered their children at the school every day since last September but were turned away because no places had been allocated for them. They set up their own school and employed a teacher to give basic lessons for four hours on three mornings a week.

Sainsbury cuts its coffee again

By David Churchill

J. SAINSBURY, the supermarket chain, yesterday stepped up the coffee price war with a cut of 20p a pound in the price of its ground coffee and coffee beans.

This move means that Sainsbury's coffee prices have dropped by a quarter over the past six months. The company said yesterday that the latest cut was due to the falling price of raw coffee beans on the world market.

Earlier, the Co-op cut the price of its own label instant coffee brand by 10p a quarter pound. Co-op label 4-oz. packets will sell at 79p in most stores.

In another move, Wallis stores in London have cut the price of a 4-oz. packet of Maxwell House coffee from £1.09 to 99p. The new price will be reviewed in three weeks.

Sainsbury's pure coffee will now cost £1.11p for an 8-oz. packet, with a similar size of coffee and chicory mixture costing 84p.

Last April a tonne of coffee on the world market cost £4,400 but the price has now dropped to under £1,400 a tonne.

Meanwhile, the Co-operative Wholesale Society, which is Britain's biggest off-licence group, is offering a cut-price wine offer for Easter on three of its most popular wines.

Saint Saens letters auctioned

SOTHEBYS is holding a two-day sale of musical manuscripts. The first day totalled £29,246.

MacNut, the Tunbridge Wells dealer, paid £2,400 for 66 letters, and other items, from Saint-Saens. Haas gave £1,200 for a pencil drawing by Mendelssohn of an Italianate hill-town. MacNut also bought 33 letters from Puccini for £1,100.

The Sothebys icon auction made £73,580, with a best of £3,400 for "The Saviour in Glory," a 17th century work.

Phillips yesterday disposed of Old Master and 18th century English pictures for £88,240. Parade paid £4,200 for a "Wooded

SALEROOM

BY ANTONY THORNCROFT

Landscape" attributed to M. Schoevaerdts, and Bateman gave £3,800 for a still life of flowers by Johann Martin Metz.

The top price was the £7,500 paid for another still life of flowers, this time by Gaspar Verbruggen the Elder.

Christie's sale of historical ornamental lathes and tools at the Brighton Engineerium totalled £23,785. An American collector paid £2,400 for an early 19th century Goyen screw lathe.

Ullmann gave £2,000 for an Albion letterpress, built in 1828 by R. W. Cope. In London, oriental ceramics sold at Christies for £31,364, with a best of £2,400 for a hardwood four leaf screen.

Capital gains tax relief extended

Financial Times Reporter

EXTENDED relief from capital gains tax is available to those selling their businesses on retirement, the Inland Revenue announced yesterday.

Previously, an individual selling part or all of a business which he had owned through the whole of the preceding ten-year period, might be eligible for relief from capital gains tax not only on that business, but on separate businesses in different localities providing they were concerned with goods or services of the same kind. This provision is now dropped.

In future separate businesses (including those held through family companies of which that individual was a full-time working director), which have been owned for a ten-year period, will be treated as the same business for the purposes of the relief available under section 34(1) of the Finance Act 1965.

Finniston to head new Policy Studies Institute

BY DAVID FREUD

TWO OF the largest independent U.K. policy research organisations are to merge. The new body will be called the Policy Studies Institute.

The new institute will take over the work of the 47-year-old Political and Economic Planning and the Centre for Studies in Social Policy, founded in 1972.

The income—from a variety of grants—for the institute will amount to more than £500,000 and total staff will be about 50. The two organisations will be moving into premises in Westminster in the next two months.

The chairman of the institute's former chairman of PEP and the British Steel Corporation.

Sir Charles Carter, former chairman of the CSSP, will chair the institute's research and management committee. Mr. John Pinder, former director of PEP, takes over the same post in the joint organisation.

The merger reduces the number of major independent policy research institutions to three.

The other two are the Royal Institute of International Affairs—more commonly known as Chatham House—and the National Institute of Economic and Social Research.

Mr. Pinder said that co-operation with these organisations, as well as others, was likely to increase.

There has been criticism over the last two years of the quality of research produced by the British organisations.

It has been said that they compare badly with the Washington Brookings Institute, whose policy recommendations are taken very seriously by the U.S. Administration.

There has been considerable public discussion the feasibility of setting up a British equivalent to Brookings.

Mr. Pinder said yesterday that the merger would help close the gap between the independent policy research organisations in the two countries.

"A lot of the needs which people thought should be fulfilled by a British Brookings will be fulfiled by the new institute," he said.

The merged institute had agreed to take part in conferences organised by the National Institute of Economical and Social Research on the Brookings model, in which specialists address a high-level audience and the conference papers are later published in book form.

Sir Monty said he believed the institute would have a much greater impact on Government policy than its predecessors.

"We hope we will be more effective in getting our message across to the Government and the public at large. Continuity in this field is vital."

Among projects for immediate examination are an analysis of European democratic institutions and British educational policy.

The PSI also plans to look at unemployment and the role of British institutions, including the trade unions.

Hotpoint sells most washing machines

BY MAX WILKINSON

HOTPOINT automatic washing machines have overtaken Hoover as the market leader in the U.K., according to figures from Audits of Great Britain.

Hotpoint is a subsidiary of the General Electric Company which announced last week that it was closing its English Electric cooker factory in Liverpool.

GEC has faced persistent difficulties in its domestic appliance divisions during the last few years because of low profit margins and slack demand.

Three years ago, the Hotpoint division, making washing machines and refrigerators, was put under the management of Mr. Chaim Schreiber, whose furniture business was amalgamated into a new company called GEC-Schreiber, controlled by GEC.

He persuaded GEC to back a substantial investment programme to increase production and to take Hotpoint up-market as far as possible.

His strategy has been to attack Italian imports with an image of quality and prompt service.

As a result, sales of Hotpoint's automatic washing machines and refrigerators have improved. The Audits figures show that Hotpoint's automatic washing machines had 27 per cent. of the U.K. market in the last three months of 1977, compared with 23 per cent. for Hoover.

The statistics also show that Hotpoint's share of the refrigerator market rose from 17 per cent. to 20 per cent.

"This is very gratifying news. But, of course, until we can increase and maintain production as we are now seeking to do with very substantial investment in the factories at Peterborough and Llandudno, we cannot expect to maintain this leadership," Mr. Schreiber said.

Rodgers opens £87m. suburban rail link

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH RAIL'S £87m. Great Northern Suburban Electrification scheme was opened yesterday by Mr. William Rodgers, Secretary for Transport, amid cheers from commuters. But there is no prospect of its paying its way.

The scheme was authorised in 1971 at a cost of £35m., but will have cost more than double by the time the last equipment has been installed.

The investment covers an inner suburban electrification project from Moorgate to Hertfordshire and an outer section running from Kings Cross to Royston.

The first was completed in November, 1976, and British Rail said yesterday there had been a net 30 per cent. rise in revenue from passengers using the line.

That was after allowance for the 16 per cent. rise in fares notified in January last year, but British Rail was reluctant to say how many more passengers were using the modernised services.

Both services use purpose-built trains, with top speeds up to 75 mph on the inner lines and 90 mph on the outer routes from Kings Cross.

The journey time from Hitchin to Kings Cross has been cut from 58 minutes to 33 minutes.

Money has also been spent on rebuilding 60 bridges, replacing 57 old signal boxes and installing overhead electrification.

In spite of the heavy investment there was no likelihood of a purely commercial return on the electrification of the services.

Government approval was given in 1971, on the basis of a cost-benefit analysis which took account of the social benefits of reduced congestion on the road.

Bus insurance snag for Leyland

PRODUCT liability insurance requirements might prevent Leyland from bidding for a contract for 50 double-deck buses in New York. It is part of a large order for public transport vehicles which the city will place soon.

Leyland has double-deck buses on trial in New York for two years and is thought to be keen to clinch sales. There are no double-deck buses of the usual British variety in the U.S. in regular public transport service.

Tough product liability laws would lead to insurance premiums of about £5,000 a vehicle a year being paid by the manufacturer. Leyland is thought to be studying the law before making any bid.

The passenger transport authority of Southern California is inviting tenders for about 20 double-deck buses. Leyland said yesterday it was "cautiously interested" in the California contract but pointed out that it had carried out no trials with such a bus in the temperatures

Partner warned brokers about 'image'

FINANCIAL TIMES REPORTER

WARNINGS were given by the senior partner of Chapman and Rowe about its image on the Stock Exchange eight months before it was hammered in 1974 with a deficiency of almost £2m. the Old Bailey was told yesterday.

Mr. Alan Harman, 34, who is accused of conspiring with two other former partners and its managing clerk to defraud clients, and with furnishing false financial information to the Stock Exchange in 1973-74, said the firm achieved a great surge of business after he joined it about 1970 and then became a partner.

His commission totalled more than £300,000 in five years, during which he dealt for the Slater Walker group and other important institutions.

"We were one of the first stockbroking firms to break through the establishment barrier," he told the jury in his defence evidence, adding that he had brought in more than £30m. worth of business for the firm during his time with it.

Mr. Neil Denison, prosecuting, pointed out that in August, 1973, Mr. Herbert Woolmer, then senior partner in the firm, commented about Chapman and Rowe's "image" at a meeting with other partners.

Counsel said Mr. Woolmer at that time referred to the suspension of one of its partners, and warned: "It is becoming apparent that Chapman and Rowe are being regarded by many people as at the worst spivs, and at best a firm whose only object in life is to make a fast buck."

Mr. Harman said: "Mr. Woolmer was very cross that the firm had ben censured and said the conduct of its partners and dealers must be above reproach in future. I agreed with his sentiments."

Mr. Denison suggested that the Stock Exchange compensation fund had to pay £200,000 to meet claims over clients' transactions involving Mr. Harman, and had probably only recovered £9,000 from him, although he had been enjoying a high standard of living.

Mr. Harman said he was unaware that clients' securities worth £500,000 had apparently been pledged by Chapman and Rowe to banks without authority. "I think this is a small proportion of the business which was going through the firm, and I had no idea such a large amount was being pledged."

Mr. Denison questioned Mr. Harman in detail about the firm's balance-sheet, which showed a liquidity margin of £175,000 in September, 1973. He alleged incorrect entries in the balance-sheet made it £1m. better off than it really was at that time.

Mr. Harman denied knowing of any wrong entries in the balance-sheet, although large amounts referred to partners' own dealings, including more than £250,000 which concerned him.

Mr. Harman agreed that the work of another defendant, Mr. Ralph Clarke, was quite separate from his own, and his dealings were on a different scale. He felt that a third defendant, Mr. George Miller, had shown bad judgment in selling gold shares short in 1973-74.

The four accused are Mr. Harman, Mr. Miller, 38, Mr. Clarke, 50, and Mr. John Goodsell, 39. All deny the charges in the trial, which was adjourned until to-day.

LABOUR NEWS

Scottish miners unhappy about incentive scheme

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SCOTTISH miners have asked to meet the National Coal Board to discuss complaints about recently-introduced incentive schemes, which, they say, yield only derisory pay increases in many pits.

Scotland followed other militant coalfields in deciding, against the advice of union leaders, to call for local productivity deals.

Results, as far as output is concerned, have been impressive in the short time that the arrangements have been working.

Production in Scotland in the first week of this month was 191,000 tons, the best figure since last April, while productivity reached 42 cwt per man shift, the highest level for two years.

Complaints about the level of earnings have led to strikes at Bedlay and at Solsgirth, Scotland's top producing pit where a previous unofficial stoppage sparked off the demand for incentive arrangements.

Earnings figures have shown a wide spread. In six pits, face workers are said by the Coal Board to be taking home more than £20 a week extra, but delegates to an NUM conference in Edinburgh yesterday quoted examples of a colliery where increases were as low as 61p a week and another where they were between £1 and £2.

Mr. Graeme Steel, Scottish vice-president of the NUM, said: "The mood of the meeting was of great disappointment at the amount of the remuneration. This could prove disastrous to the scheme in the future."

Many delegates thought that the arrangements did not take sufficient account of the poor geological conditions in many Scottish pits but there had been no demands for industrial action.

NUM leaders will meet the Board as soon as possible and will report back to a delegate conference on April 3.

£20m. lost in disputes at Leyland

STRIKES and disputes at British Leyland's Special Products division last year cost the company more than £20m. in lost production, Mr. David Abell, the managing director, said in the company's newspaper yesterday.

"The future of SP — new name for the company—depends on the goods we produce in 1978," he warned. More than 33,000 hours were lost in one month last year because of internal disputes—and this did not include lay-offs caused by industrial troubles both inside and outside the company's plants.

The disputes were unprecedented in the company, he said.

In 1976, hours lost through internal disputes were between 2,000 and 5,000 a month.

Last year some companies within the organisation were down by as much as 37 per cent. on the targets set for output.

Second teachers' union joins action

BY ALAN PIKE, LABOUR CORRESPONDENT

LOCAL authority leaders yesterday met Mrs. Shirley Williams, Education Secretary, to discuss the teachers' pay sanctions campaign as the action was joined by the second largest teaching union.

Representatives of the municipal and county council associations requested the meeting with Mrs. Williams to discuss the circumstances which led to the teachers' action and to seek clarification of the Government's guidelines.

Earlier yesterday the local authority representatives met among themselves to review the dispute. They said afterwards they were anxious to maintain goodwill but both associations reaffirmed their support for the Government's pay guidelines.

The teaching unions are seeking increases of 12½ per cent. They have been offered 9 per cent. with another 1 per cent. allocated to cover the cost of incremental increases and correction of anomalies. Teachers say this 1 per cent. should be part of the direct pay offer.

Yesterday members of the National Association of Schoolmasters and Union of Women Teachers joined the sanctions campaign started a week ago by the National Union of Teachers. The main sanction involves teachers refusing to supervise school meals.

The NUT said yesterday that 116,000 members in 234 of its associations were involved in the action and Leicestershire had become one of 11 local education authorities which generally support the teachers' case.

Mr. Terry Casey, general secretary of the NAS-UWT, said yesterday some headteacher members of his union were being exposed to pressure from local authority officials to continue working normally.

Provided a head had informed his education authority of the situation and asked for help, Mr. Casey said, he had the same right to leave the school premises as a class teacher. 'We have told a class teacher. "We have told from local authority officials, whether it is directed at a head or a teacher, must be reported."

There is some difference between the two unions over the precise purpose of the sanctions. The NUT sees them as aimed purely at securing an improved pay offer. Mr. Casey's union says it will not end the action until local au'l orities give an undertaking that voluntary activities are not part of a teacher's contract.

Rolls send home 400 in pay row

A DISPUTE involving 20 maintenance electricians at the Rolls-Royce aero-engine plant in Coventry caused 400 manual workers to be sent home yesterday. A bigger lay-off is threatened soon, due to sanctions being imposed by all the manual workers.

Both disputes involve pay. Rolls-Royce has offered a 9.7 per cent. wage rise, which would give the more highly skilled workers about £100 a week. Manual workers, however, on different pay rates are insisting on a full 10 per cent.

Sanctions include a ban on overtime and on the movement of vital sub-contract work and components.

ACAS neutral on ICI union recognition

BY OUR LABOUR STAFF

THE Advisory, Conciliation and Arbitration Service makes no recommendation for union recognition in a report sent to-day to parties involved in the battle to represent middle managers at ICI.

The report, based on a ballot conducted last August by ACAS, shows that 72 per cent. of 7,819 middle managers at ICI wanted to be represented by the small, non-TUC Association of Professional Scientists and Technologists.

Only 13 per cent. voted for representation by the Association of Scientific, Technical and Managerial Staffs, which put in an application for recognition at ICI under Schedule 11 of the Employment Protection Act, 1975.

ASTMS had claimed a minimum of 20 per cent. membership among middle managers, which would be enough for ICI to have allowed it parallel bargaining rights.

But the report, which drew replies from 90.7 per cent. of managers asked showed that ASTMS membership was 6.6 per cent., or 513 people. APST had 3,739 members, or 47.9 per cent.

Minister hits at hospitals phone action

THE GOVERNMENT yesterday again condemned the industrial action by hospital telephonists who were "censoring" calls.

Mr. Eric Deakins, Health Under-Secretary, said in answer to an emergency Commons question: "Both the Social Services Secretary and I deprecate action of this kind which may adversely affect service to patients."

Some hospital telephonists were taking the unofficial action because they were dissatisfied with a recent pay settlement within the Government's pay guidelines.

Mr. Deakins said it was for health authorities, in consultation with his Department, to deal with the effects of the industrial action and safeguard patients' interests.

Dr. Gerard Vaughan, Tory MP for Reading South, who had asked for a statement, said widespread industrial action in the health field was having "an extremely serious affect on morale."

Pay ballot for print men

BY OUR LABOUR STAFF

A BALLOT is to be held among 200,000 workers in the general printing and provincial newspaper industries on a proposed 10 per cent. pay settlement.

Agreement on the ballot was reached yesterday between leaders of the four print unions and negotiators for the British Printing Industries Federation and the Newspaper Society. The settlement date is April 21.

The agreement also provides for discussions in the coming year on future wage structure in the two industries.

New stores for International

INTERNATIONAL STORES, the BAT Industries subsidiary operating 720 International, Wallis and Pricerite stores, will open three big new stores this year.

They are at Weymouth (30,000 sq. ft.), which will be opened in the summer, and at Windsor (37,000 sq. ft.) and Aldershot (49,000 sq. ft.)

The Aldershot store, in Wellington Centre shopping precinct, will be International's biggest.

International's programme for next year already includes another five superstores and five more supermarkets.

White collar pay fight

By Pauline Clark, Labour Staff

UNION leaders expect a special conference—which could lead to a confrontation on pay between the Government and 444,500 local government workers — to be called before the end of Phase Three of the Government's pay policy.

The 700,000-strong National and Local Government Officers' Association said in its latest journal yesterday that the proposed conference on Government pay policy in the public sector was "likely" to take place.

Although only 15 of the required 50 branches have formally called for the conference so far, half the representatives from 178 branches were said to have signified their support at a recent meeting.

If the conference takes place it will decide whether to press union negotiators to resist acceptance of a ten per cent. wage ceiling in settlements reached between now and the end of Phase Three of the Government's pay policy in July.

This could thwart any attempts to reach an early settlement within the Government's pay guidelines of the only remaining major negotiations left under Phase Three for NALGO members—the white collar workers in local government whose pay anniversary falls on July 1.

The recent meeting of branch representatives in London was called by four Scottish branches —Glasgow, Strathclyde, Central Region and Edinburgh Gas.

The meeting was said to have passed overwhelmingly a resolution which would be put to the conference. It declares opposition to "the Government's policy of using as an economic regulator the control of wages in the public sector."

The union says that because public sector workers have been used by the Government to regulate wages nationally, its members have suffered more than private sector workers during periods of Government pay restraint.

BSC craft union leaders win support in pay fight

LEADERS of 27,000 British Steel Corporation craftsmen received unanimous backing from a special delegates' conference yesterday in their refusal to negotiate a pay settlement in exchange for jobs.

Mr. Les Dixon, vice-chairman of the National Craftsmen's Co-ordinating Committee, said BSC's inclusion of conditions in the 9½ per cent. pay offer, such as the early closure of the Beswick plants and reduction in manning levels in those remaining, was unfair and unrealistic.

The conditions affected the industry as a whole, including the TUC steel committee.

Mr. Dixon said: "We will now try to persuade BSC in this new atmosphere to give us 10 per cent. without any strings, while reiterating our willingness to meet them on the conditions separately." But he foresaw problems on some of the conditions, including the jobs cut at plants not included on the Beswick list.

The special conference in Sheffield was attended by 200 delegates representing 12 staff and manual unions.

It was called after the committee and BSC registered a failure to agree during pay talks.

BSC's chief executive, Mr. Bob Scholey, has already told the unions that if they want a pay offer without strings, the offer is 6 per cent.

The industry's biggest union, the Iron and Steel Trades' Confederation, representing 65,000 steel production workers, has already accepted 10 per cent. in return for agreement on the cost-saving measures. BSC is confident that other unions, including those in the NCCC, will fall in line.

Act over steak houses strike, Booth urged

AN M.P. called yesterday on Mr. Albert Booth, Employment Secretary, to intervene in a bid to end a dispute at Garner's Steak Houses in London's West End.

About 100 employees, mainly from overseas, have been on strike for more than a month over their demand that the management should recognise their union, the Transport and General Workers.

Mr. Bruce George, Labour MP for Walsall South, said: "This is not simply a dispute between a group of catering workers in central London and their management.

"It epitomises the problems of the whole hotel and catering industry which has been sadly neglected by Parliament and the Government. Unless an amicable solution is reached, we have all the makings of a wider industrial dispute which would be a tragedy."

Mr. George has asked Mr. Booth to call the parties together to see if agreement can be reached.

Redundancy terms revised

CADBURY-SCHWEPPES announced last night that the 550 workers to be made redundant at its Bordesley Street plant in Birmingham have accepted improved redundancy terms. The company is to phase out jobs at its Birmingham Typhoo Tea plant to concentrate packing at Moreton, near Birkenhead.

PARLIAMENT AND POLITICS

DEFENCE DEBATE: DAY ONE

Demand for Mulley to resign over pay

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE RESIGNATION of Mr. Fred Mulley, Defence Secretary, was called for last night by the Conservatives on the grounds that his attitude over forces pay had been "negligent and indefensible."

The demand came from Sir Ian Gilmour, Tory defence spokesman, who said that the forces must get a substantial increase when their rise becomes due in April, adding: "If something is not done, the Secretary of State cannot retain his office. He will have to resign."

Sir Ian also attacked what he claimed was the general weakening of Britain's defences under the Labour Government. On his reckoning, the Government had lopped a total of £10bn. off the U.K.'s defence spending when existing and planned cuts were taken into account.

But opening the debate, Mr. Mulley declared that Britain would, in fact, be increasing its defence contribution in real terms in the years ahead. He also denied the Opposition charges over Service pay and declared: "I shall do my damndest to see the forces get a fair deal."

Mr. Mulley strongly underlined the threat from the growing strength of the Warsaw Pact forces. On the neutron bomb, he said that Britain had not reached a decision as yet about America's development of this weapon. But the implication of a long passage in his speech was that NATO needed it in order to redress the balance with the Eastern bloc forces in central Europe.

The Secretary of State faced a major attack from a large group of his own Left wingers. With the support of the Welsh Nationalists, they had put down an amendment declining to take note of the defence White Paper on the grounds that it provided for a real increase in arms spending which would heighten world tension and divert resources from social needs. They claimed that the proposals contravened the Government's pledge to reduce military expenditure.

Additionally, the amendment opposed any commitment to proceed with a new generation of nuclear weapons—a reference to the neutron bomb.

The Government motion which the House was debating asked MPs to endorse its policy which was based on a collective effort to deter aggression while attempting to reduce tension through international agreement on arms control and disarmament.

A Tory amendment claimed that the defence policy of the Government had weakened the security of the U.K. and therefore harmed the prospects of reaching such an international agreement.

The House will have an opportunity to-night to vote on the Tory amendment. But the Left-wing amendment cannot be put to the vote as it was not called by the Speaker for debate.

Sir Ian said the House had listened to a thoroughly complacent speech from Mr. Mulley based on a thoroughly uninformative White Paper. No one who relied on the Secretary of State for their information could have an accurate picture of the state of the armed forces.

There had been no mention of the unprecedented crisis of morale and lack of confidence in the Government that now existed in the services.

There had been a serious exodus of skilled and experienced officers and men. Those who remained were fed up with the way they had been treated over pay and the fact that the Government had put defence at the bottom of the list of priorities.

The last four years had been the most disastrous for the armed forces since the days of Lord North 200 years ago. Savage cuts had been imposed and the balance had tilted against the West in favour of the Warsaw Pact.

The Secretary General of NATO, Dr. Luns, had stripped away the deceit when he pointed out that the Government had taken us below the minimal level of defence.

Sir Ian said that the Government did not only have to face the Warsaw Pact. It also had to fight a bitter battle against its own Left-wing. "The Tribune Group always want to slash Britain's defence expenditure because they are not interested in the security of this country," the Tory spokesman declared.

Sir Ian said that the Labour Party had many members who were vocally opposed to Western defence interests. That was the murky background to the debate.

Mr. Mulley, on the question of pay, indicated to the House that the forces would still have to settle within the 10 per cent. limit when the findings on their pay review are announced on April 1.

"I am sure all ranks in the Services understand the need for pay restraint if inflation is to be controlled," he said.

The Defence Secretary stressed that the capability of the Warsaw Pact forces was formidable and growing. They were in a high state of readiness and equipped for offensive operations. A great deal of new defence equipment had been supplied to them.

The answer must be a cohesive and united Western alliance so that Russia would understand that war would not bring victory for them but disaster for all.

In addition, the growth of Soviet and Cuban military activity in the Horn of Africa was profoundly disturbing to those who believed that African countries should decide their own future. These events showed that Russia was quite prepared to bring its military power to bear.

Arms race taking us to war, says Allaun

Mr. Frank Allaun (Lab. Salford E) said that although his motion had not been called he would speak in support of it. "The arms race is getting out of control. It is like a coach taking mankind towards a precipice and, instead of applying the brakes, the drivers are accelerating."

Everyone wanted multilateral disarmament but what hope was there of achieving it when the Government was moving in the opposite direction by increased defence spending.

Mr. Allaun added: "The threat to humanity is not the possibility of a Russian invasion. It is the arms race itself which is taking us towards a nuclear war." In that arms race, the West had been the pacemaker.

If the militarists held that we could negotiate only from a position of superior military strength, they could hardly blame the Russians for using the same argument.

Minister urges big production effort by U.K. car industry

BY IVOR OWEN, PARLIAMENTARY STAFF

A DETERMINED effort by Britain's motor car industry to step up production so as to ensure that it is able to fill the gap in the U.K. market created by the limitation of Japanese imports was urged by Mr. Michael Meacher, Under-Secretary for Trade, in the Commons yesterday.

Mr. John Nott, shadow Trade Secretary who complained about the protectionist posture of Ministers (Mr. Edmund Dell, Trade Secretary, was a notable absentee from the Treasury bench), warned of the danger that more imports from Italy or Germany might fill the gap left by the Japanese.

He stressed that at the heart of the problem was the fact that, at the moment, the British motor car industry was not producing what the British consumer wanted to buy.

Mr. Nott also underlined the successes achieved by the British car components industry and the commercial vehicle industry and called on Ministers to take these into account so that protectionist measures, deigned to benefit the motor car industry, were not allowed to damage the prospects of what was globally a very successful British industry.

Last year, he said, it had contributed a massive surplus of £1,300m. to the balance of payments.

Mr. Meacher pointed out that Mr Michael Edwardes, the British Leyland chairman, had asked the Government to take action to secure a limitation in Japanese imports precisely because, under the Treaty of Rome, imports from EEC countries could not be stopped.

"We took what action could be taken in order to preserve extra production for the British industry. We intend to see that the extra production is forthcoming."

Mr. Meacher, who spoke of encouraging signs that British Leyland was increasing its level of production, accused Conservative leaders of being prepared to accept an increasing level of imports, whatever the consequences for British industry.

Government policy, he said, was aimed at securing a balance between an open market and protectionism.

Mr. Roderick MacFarquhar (Lab., Belper) suggested that one of the reasons why Japanese cars had enjoyed such success in penetrating the U.K. market was that while Britain played by the EEC rules, other Common Market countries did not.

He pressed for inquiries into whether there were any impediments to Japanese car exports to France and Italy which did not exist in relation to the U.K.

Mr. Meacher agreed that the import of Japanese cars into Italy had been negligible while the level of penetration of the French market had been around 3 pr cent. compared with approximately 10 per cent. in the case of the U.K.

He told Mr. Tom Litterick (Lab., Selly Oak) that Mr. Dell had only agreed to forego seeking more formal controls over the level of Japanese imports after the Japanese Government had made a clear commitment to restrain vehicle exports in a manner acceptable to Britain.

"If the Japanese do not keep to their side of the bargain—and I expect that they will—then we are under no obligation on our side to do so."

Part of the agreement, he stressed, was that there should be regular monitoring of the level of Japanese exports to the U.K. market.

Mr. Cecil Parkinson, another Conservative trade spokesman, said he had been told that there was a waiting period of four to six months when he tried to buy a Jaguar last week. There was a danger that the British taxpayer would find himself in the position of pumping hundreds of millions into British Leyland and still being unable to buy the car of his choice.

Mr. Meacher replied that the alternative side of the picture was that unless money was provided for British Leyland for investment—something the company had needed for decades—and unless the British industry was given some protection, it might not be possible to buy a British car.

Whisky exports

WHISKY EXPORTS worth £169m. were exported from Scotland and Northern Ireland to the U.S. during 12 months to January, Mr. Michael Meacher Trade Under-Secretary, said in a Commons written reply yesterday. Whisky exports to the EEC in the same period amounted to £130m. and those to Japan were worth £41m.

AS POWER-SHIFTS APPEAR IN EUROPE . . .

Labour ponders its links with Communist parties

BY RUPERT CORNWELL

THE Labour Party to-day holds two meetings which could have a significant bearing on how the party handles the increasingly sensitive topic of relations with other European Socialist and Communist parties.

The most important will be a session of the National Executive's international affairs sub-committee, devoted to a study of formal guidelines that would govern its links with the Communists in both eastern and western Europe.

Shortly afterwards will be held the first-ever meeting of Labour's newly-formed Western Europe Committee. Although this, too, is under the auspices of the NEC, it also comprises members of the Parliamentary party as well as academics and journalists. Its goal is to improve the party's knowledge of the Western European political scene.

The attempt to work out the guidelines springs directly from the embarrassing rumpus of last autumn over the reported—and subsequently denied — praise heaped upon the Soviet system by Alex Kitson, a Left-wing member of the NEC, in Moscow as a guest of the Russian Communist party.

For all the insularity of British politics, the party's strategists were aghast at what might have been the consequence had the Kitson incident happened in the midst of a general election. In any case, it is already clear that the "Red Peril" argument will loom large in Conservative attacks during the campaign.

But the development also stems from the awareness on the Left that the so-called Eurocommunists, especially those within EEC member States, are infinitely more relevant to Labour than fruitless ritual contracts with the USSR—and the accompanying political landmines that these are apt to detonate.

The movement towards power of some western European parties only reinforces this view. In Italy, the PCI, the main repository in that country of Left-wing votes is now inside the Parliamentary majority, while France could have Communist Cabinet Ministers by this time next week.

Mr. Eric Heffer . . . advocate of new approach.

The most articulate advocate of a new approach is Mr. Eric Heffer, MP for Liverpool Walton, who has already publicly urged discussions between the Socialist International and the more independent-minded Eurocommunist parties. Three of them, indeed, were invited by the NEC to send representatives to the last Labour conference in Brighton.

There are naturally any number of different shades of opinion inside the Labour Party. Orthodox Social Democrats in the Cabinet and elsewhere do not believe the Eurocommunists are sincere, but see their tactics as a means to an end with no guarantee that they will thereafter abide by the rules of the democratic game.

Further to the left, there are those who trust the Eurocommunists but accept that relations should be as national sister socialist parties and who deeply dislike the enduring traces of the rigid internal discipline implied by "democratic centralism," even in the Italian party.

At the extreme Left of Labour's broad church are a few who regard most Eurocommunists as too moderate by half. There was a memorable moment at a Commons meeting the other day when spokesmen for the far Left set about a member of the PCI's central committee friendly to Nato and the loathed friendly at Nato and the loathed Common Market.

As is often the way with NEC sub-committees, the fate of the guideline proposals will be determined by the number who actually attend today's meeting, which will be chaired by Ian Mikardo, MP for Bethnal Green and Bow.

In essence, the guidelines are understood to attempt to provide a system of classification for individual Communist parties, so that relations can be judged by various criteria: human rights, commitment to "pluralism," common concerns, like the EEC, and so on.

Transport House hopes thereby to avoid the inconsistencies which arose under the previous ad hoc approach. An early illustration of the mood will come with a decision whether to send representatives to the forthcoming Spanish Communist Assembly.

But even if endorsed, the guidelines will have to go before the full executive, where fresh Right-wing opposition may be expected.

Case put for PR as election issue

BY RUPERT CORNWELL, LOBBY STAFF

CAMPAIGNERS fo rproportional representation last night launched a drive to stop the two major parties suppressing electoral reform as an issue at the next General Election.

In the BBC programme, Open Door, run by the all-party Campaign for Electoral Reform, Mr. Christopher Chataway, a former Conservative Minister, accused most MPs of wanting to "hush up" the matter, even though opinion polls showed that 74 per cent. of the population wanted to change to a fairer system.

Mr. Peter Walker, MP, another former Minister and a leading figure on the Tory liberal wing, argued that in 1974 a party had come to power against the views of the majority of the electorate. He favoured a more representative system, but one in which the constituency MP could survive.

Mr. Robin Corbett, Labour MP for Hemel Hempstead, argued that the prospects for reform had improved. He warned that if the next election produced another close finish, the case would be strong for a look at PR — "a system electors would appear to want."

Among the other well-known advocates of proportional representation featured last night were Sir Richard Marsh, the former Labour Cabinet Minister, and Mr. Dick Taverne, ousted in 1973 as Labour MP for Lincoln.

At the same time, Mr. David Steel, the Liberal leader, reaffirmed his party's commitment to change, insisting that the authority of Government had been weakened by its repeated failure to represent a majority of the people.

SNP seeks Budget boost for Scottish economy

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Scottish National Party has told the Chancellor of the Exchequer (Mr. Healey) that it wants to see tax cuts and other measures in the Budget which would boost the Scottish economy by £645m. a year.

Mr. Douglas Crawford, party spokesman on finance, said yesterday that the SNP would consider voting against the Government in the Budget debate and on the Finance Bill if its demands were not met.

"The vote on the Budget is de facto a matter of confidence and I understand the Liberals have said they will vote against the Government if there are no tax concessions. If this happens and we decide to vote against as well, there is likely to be a general election," he declared.

In a letter to Mr. Healey, Mr. Crawford has demanded a reduction in income tax of 12 per cent. and in corporation tax of 2½ per cent. He has also called for concessions to the whisky industry, help for small businesses, and an increase in pensions and tax relief for widows.

The SNP has been denied the opportunity of trying to bring down the Government in previous Finance Bill debates by the fact that there has been no vote on the principle of the Bill. The same situation could arise again, although the party might gain some support from other Opposition parties on amendments.

The party is confident that its demand for a reduced rate of whisky duty, to be paid at the time of retail sale rather than when stock is taken out of bond, will attract the support from some Conservative MPs. It also hopes for Liberal backing in steps to help small businesses.

Minister attacks Soviet stance at Belgrade

THE Soviet Union's "sickening history" of religious and other repression and discrimination was attacked by Lord Goronwy-Roberts, Minister of State, Foreign Office, in the Lords yesterday.

He made the attack following a statement in reply to a question by Lord Brockway (Lab.) on the outcome of the Belgrade East-West conference.

Lord Goronwy-Roberts, who represented Britain at the conference, said: "I should like to put on record the Government's deep regret that despite the best endeavours of our own and other Western delegations and neutral non-aligned countries, an opportunity to further the development of detente has been missed."

He added that western countries at Belgrade had been prepared to negotiate on the basis of a draft document put forward by the neutral and non-aligned group of countries. "But the Russians and their allies refused to do so, and showed no disposition to make any concessions of substance in the key areas of human rights and human contact."

Lord Brockway said that while everyone was disappointed by what had happened at Belgrade, it should not be regarded as disastrous. The conference had constructive things to say on economics, technology and other issues.

For the Tories, Baroness Elles said that the Soviet Union had "systematically and continuously violated human rights."

Lord Gladwyn (Lib.) said that the objectives of the East and West were incompatible. The meaning of detente was different on one side of the Iron Curtain from the other.

Lord Goronwy-Roberts agreed that the conference had failed to meet the expectations of the West. "I agree there is a dichotomy of philosophy and system in Europe that cannot be bridged overnight."

Privileges inquiry agreed

TWO REPORTS which appeared last week in The Guardian and the Daily Mail about the findings of the all-party Select Committee on Immigration were referred yesterday to the Commons Committee on Privileges. The decision, by 133 votes to 70, was taken despite opposition by Labour Left wing MPs.

Mr. Fred Willey (Lab., Sunderland N.), Select Committee chairman, said he was complaining on behalf of the whole committee. He could not go into details as the committee had not yet reported to the House.

He was opposed by Mr. Jeff Rooker (Lab., Perry Barr) who said any journalist worth the title of journalist would never divulge his source of information. No-one would tell the committee who committed the alleged breach of privilege. "It is a total waste of the time of the House," he argued.

Mr. Dennis Skinner (Lab., Bolsover) said that much of the steel industry Select Committee report had been discussed in the Press beforehand and no action had been taken.

Mr. Willey was supported by his vice-chairman Mr. Dudley Smith (C. Leamington), who said the findings of the Select Committee had been leaked only an hour or two after it reached its final conclusions. If action was not taken, future proceedings of any Select Committee could be leaked with impunity.

Entry controls effective—Rees

THE ENTRY into Britain of a Ku Klux Klan member is no reason to doubt the effectiveness of immigration controls, Mr. Merlyn Rees, Home Secretary said in a Commons written reply yesterday.

Mr. Rees said the immigration service had been under instructions at the time of Mr. David Duke's entry to refer cases of people identified as Klan members to the Home Office. "There was nothing to identify Mr. Duke to the immigration officer as a member."

He told Mr. Robert Adley (C. Christchurch and Lymington), who raised the matter: "while the general question of the effectiveness of our immigration controls is kept under regular review, there seems no reason from this incident to doubt their effectiveness."

LEGAL NOTICES

No. 00625 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TALLY-HO ELECTRIC LIMITED and in the Matter of The Companies Act. 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 23rd day of February 1978, presented to the said Court by I.T.T. CONSUMER PRODUCTS (U.K.) LIMITED, Maidstone Road, Sidcup, Kent, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 10th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLARDS,
53-59 Oxford Street,
London W1R 1RD.
Ref: KSJ DJ L78997.
Tel: 01-439 8701.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of April 1978.

No. 00678 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MENTAGE LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 23rd day of February 1978, presented to the said Court by THE WHOLESALE FITTINGS COMPANY LIMITED, 213-223 Rainham Road South [illegible]

No. 09784 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ORCHID DEVELOPMENTS LIMITED and in the Matter of The Companies Act. 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 1st day of March 1978, presented to the said Court by [illegible]

No. 00734 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of COLNE FINISHES COMPANY LIMITED and in the Matter of The Companies Act. 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was on the 8th day of March 1978, presented to the said Court by [illegible]

[illegible]

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person or if a firm the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of April 1978.

IN THE MATTER OF CAI INTERNATIONAL LIMITED and IN THE MATTER OF THE COMPANIES ACT 1948.

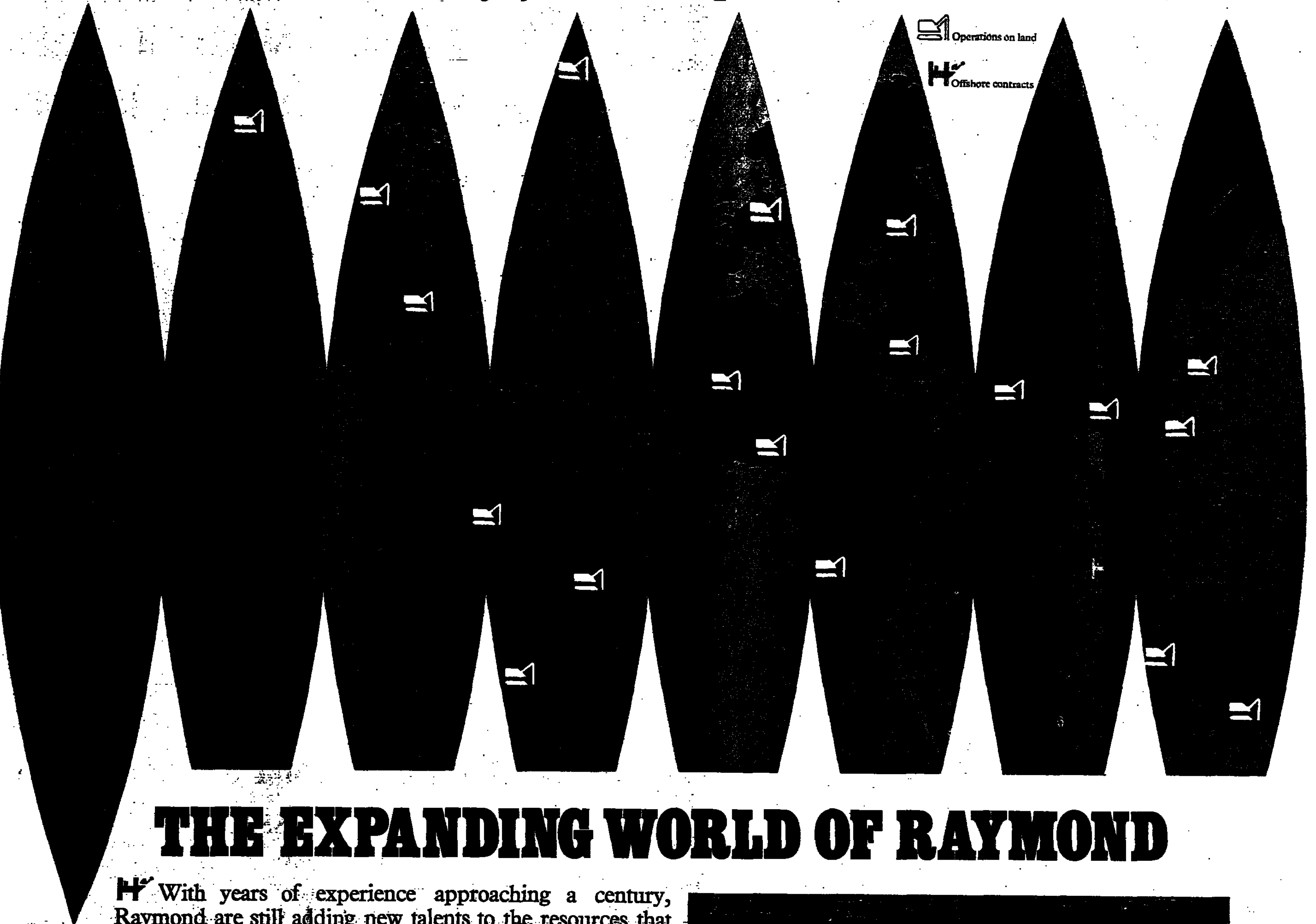
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 14th day of April 1978 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Michael John Birkett FCA of 20/21 Princes Street, Hanover Square, London W1, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of March 1978.

M. J. BIRKETT, Liquidator

هكذا من الأصل

Big = Better? Not always; but it helps in the construction business.



THE EXPANDING WORLD OF RAYMOND

With years of experience approaching a century, Raymond are still adding new talents to the resources that serve the world and you.

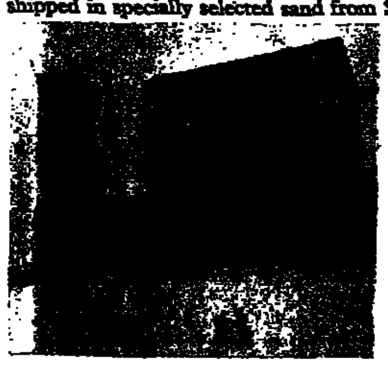
The acquisition of Kaiser Engineers of Oakland, California, has brought new engineering expertise to Raymond's work for power generation, transportation, mining and mineral processing. Kaiser Engineers' current order book covers over 300 projects in 27 countries.

Raymond's achievements include design-and-build jobs such as an oil terminal at Zueitina, Libya, piling for the world's longest bridge across Lake Pontchartrain in Louisiana, and the foundation work for two CEGB power stations in Kent. They have designed a pipeline trestle support for Aramco in Saudi Arabia and are building it with components manufactured at their new plant at Ras-al-Khaimah in the United Arab Emirates.

We've combed through the records to find pictures to show the range of Raymond operations. Seventeen illustrations might just have done it. But we only had space for five. If you'd like to see more, please ask us to send you the missing dozen.

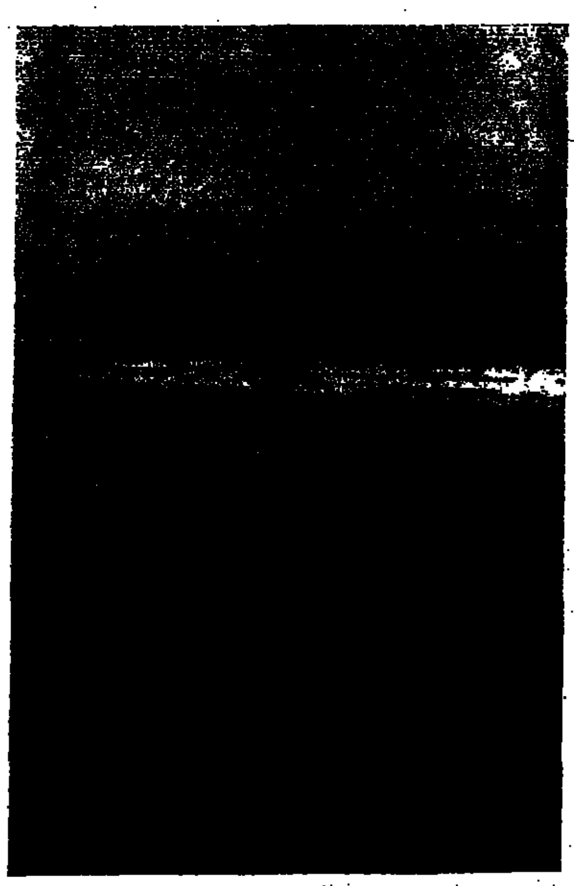
And if you have plans for construction, tell us about them, too. We'd be glad to help.

Shipping sand to the Sahara. At Zueitina in the Gulf of Sirte in Libya, Raymond International was awarded a contract to design and build a harbour for oil tankers, for Occidental Petroleum. They had complete responsibility for planning, design, engineering and construction. The job was finished in less than a year; roads, breakwaters, piers and loading platforms. Sand from the Sahara? No, not good enough quality for concrete. Raymond shipped in specially selected sand from Spain.



Kaiser Engineers work on in the snow. One of the worst winters in Ohio's history didn't stop the building of the Wm. H. Zimmer nuclear power station. While it snowed outside work went on inside on the pressure suppression chamber (right). Low pressure turbine spindles (left) rotating at 1800 rpm will drive the electrical generator.

Power begins with Raymond. This was the beginning of a new power station at Porto Tolle near Venice for ENEL (Ente Nazionale per l'Energia Elettrica). In England, Raymond worked on two power stations for the Central Electricity Generating Board, the Isle of Grain and Littlebrook D. Each job in its time was one of Britain's biggest piling contracts. Littlebrook D is planned for completion in 1980.



Over a decade's work in Nigeria. In 1965 Julius Berger AG awarded Raymond the foundation contract for the Eko Bridge crossing the Lagos Lagoon. Since then, Raymond have been working almost continuously in Nigeria: parts of the Lagos-Ibadan expressway, the Lagos Ring Road, and sheet piles and pipe piles at the Apapa Wharf and Tin Can Island.

Design-and-build project in Saudi Arabia. For Aramco, Raymond (Saudi Arabia) Ltd. are building a £70 million six-mile trestle support for liquefied petroleum gas pipelines. Pre-cast concrete units and cylinder piles are being manufactured in a Raymond plant specially set up in Ras-al-Khaimah in the UAE to service the Middle East.

With a record like this, it isn't surprising that two-thirds of Raymond's contracts come from people who've used them before.

Come to think of it, isn't that a good reason for asking Raymond what they could do for you?

RAYMOND INTERNATIONAL (UK) LTD
Clifton House, 83-89 Uxbridge Road, Ealing, London W5 5TA
Telephone 01-579 9381. Telex 935741

Kaiser Engineers & Constructors Inc.
Regal House, London Road, Twickenham, Mx. TW1 3QQ
Telephone: 01-892 4433

One of the Raymond International Group of Companies

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PACKAGING

Lightweight cartons take the strain

APPROPRIATELY enough, a package deal is being offered by McMillan Bloedel Containers under which manufacturers of cartons primarily for food products retailing and display will be able to market lightweight packages that greatly simplify the handling of products delivered in lightweight plastics containers.

The simplification comes from the fact that the cartons are made in such a way that they allow stacking to considerable heights without deformation or damage to the product on offer. At the same time, relatively small amounts of carton are used so that the product is easy to see.

The carton is known as the Beams Box and is a patented idea from the Italian company Nelsen.

The Swiss company Roda Macchine SA developed the machine for the production of the cartons and patented the design and the U.K. group has made arrangements to offer carton makers in Britain the corrugated die-cut, pre-printed blanks and to install the Roda machine which provides automatic assembly of the Beams Boxes.

The exceptional strength provided by these units is attributed to the use of corrugated material, the unique ribbed design and the use of hot melt glueing in the way developed by Roda.

Equipment has been designed so as to fit in easily with a manufacturer's own production line, including standard shrink-wrapping units.

Various sizes of Beam Box are available and shrink-wrapped stacks can be handled by pallet if required.

The developer suggests that areas could be set aside in stores for displays based on the packs and no shelving would be needed, while handling would be reduced to the absolute minimum.

Further details of the system and the manufacturing equipment from McMillan Bloedel Containers, 24, King Street, Watford, Herts., WD1 8BP. Watford 42306.

Cardboard patterns cut fast

NEWLY developed by the Held company of West Germany is a cylinder model of a laser cutter which provides the means to cut a rotary plywood cutting forme of practically any complexity at high speeds.

The necessary information is conveyed to the machine from a flat drawing on the copying table and while the laser cutting head moves in the Y direction, the cylinder is moved through the appropriate distances in the X axis, both motions being under the control of a small computer.

A drawn reproduction of the cutting forme can be produced at the same time as the forme is made, providing the printer with an exact copy of the cutting tool which could be married up in advance with the printed work.

An early user of the equipment in France reports that he now can cut dies faster than he previously could reproduce the outline on the plywood cylinder.

The unit uses a BOC 2kW laser which, Held says, is the best available anywhere.

Held is already known for its flat-bed cutting unit which is able to follow the most complex patterns and has ability to step and repeat these, mirror them or angle them in any given way.

The stored pattern is reproduced by the cutting head which moves in both axes at a speed which is automatically calculated, depending on the thickness of the material being cut and the intensity of the laser beam.

The new rotary unit will be available in Britain through Riverlock, Moneyrow Green, Holyport, Maidenhead, Berks. SL6 2ND. Maidenhead 37648.

Wraps round the product

DESIGNED AND built by Otto Hansel, Hannover, West Germany, the Compactomatic is a wraparound packing system capable of cartoning products such as boxes, cans, jars, bottles, cups, soaps, tiles, etc.

The metre-long magazine takes open vertical blanks of solid or corrugated board, slotted or die cut. Product infeed is against the blank, with the pusher mechanically operated through cams.

Glueing is with hot-melt adhesive, but the machine can be operated in combination with dispersion glue. Magazines can be rapidly changed to allow packaging of individual products as well as of multi-packs of different sizes of product.

Accessories include collating belts, elevating station for forming layers, intermediate cardboard inserter, collating system, and coding, marking and labelling devices.

Marketing in the U.K. is by Encase, Beaumont Road, Banbury, Oxon (0295 50971).

● CONSTRUCTION

Less risk of slipping

REPLACING wooden duckboards to great advantage is a new, interlocking floor tile being moulded for Ferodo by British Industrial Plastics.

The "Ducktile" consists of a 300 mm square by 30 mm deep injection moulding in polypropylene into which Ferodo friction strips and pads are inserted on both upper and lower faces.

A safety, anti-slip upper surface is thus provided for wheeled and foot traffic, with the friction pads on the under-side preventing movement of the tile on the floor during use. Ducktile was designed as a complement to the company's flooring and stair tread products and to satisfy a market in machine shops, shower rooms, laundries, greenhouses, vehicle inspection pits, processing plants, car showrooms and canteens.

Compared with wooden boards, the Ducktile will not splinter, is rotproof and highly resistant to wear and abrasion; in addition it is capable of withstanding loadings of up to 19 tonnes.

British Industrial Plastics, P.O. Box 11, Tat Bank Road, Oldbury, Warley, West Midlands, B69 4NF. 021-552 1551.

New Japanese excavator

DIGGING, LEVELLING, loading and grading can, it is claimed, be carried out with an 11-ton hydraulic excavator introduced by Mitsubishi Heavy Industries.

The excavator has a speed of 3 kph, and can climb a 35 deg. grade. Particular attention has been paid to noise reduction, both outside and in the cab, and to ease of maintenance.

Bucket sizes range from 0.15 to 0.5 cu. metres. A standard or a long dipperstick can be fitted to the boom—the long version gives a maximum digging depth of 5210 mm, a digging radius of 7850 mm, cutting height of 7480 mm, and dumping height of 5240 mm.

All operations are hydraulic, controlled by two levers, and the machine is driven by a diesel engine.

Details from the maker in Tokyo, Japan.

Pump for the deep

SPECIFICALLY FOR operating at greater depths than those usually reached by electrically powered units, a hydraulically operated 100 mm. bore solids handling submersible pump has been developed by Toyo, of Japan.

It is equipped with a compensator which automatically adjusts the oil pressure in the motor housing so that it equals the external water pressure, preventing seepage past the seals.

The 15 hp motor is driven by a conventional hydraulic power pack located on the surface and connected by high pressure flexible hose. Rated output is about 1.5 cubic metres/minute at an optimum head of 15 metres. The intake incorporates rotating cutter blades which ensure a balanced flow of solids/liquid through the pump.

Applications include winning sand and gravel, removing silt in harbours, clearing sand from oil rig legs, and handling effluent, sludges and slurries.

Marketing in the U.K. is by Sykes Pumps, Woolwich Road, Charlton, London SE7 7AP (01-858 8121).

Light on the sight

COLLABORATION between Johnson Machinery and Henry Cooch has resulted in the successful conversion of a 2-ton gravity tipping dumper into a mobile lighting unit. This could be very useful for road construction work at night.

By removing four bolts, the skip on the Johnson dumper can be taken off. It is replaced in half an hour by a Cooch Skylite 25 floodlight, on a specially designed skid, which is secured on the dumper by six bolts.

The mobile lighting unit can be operated by one man, using an automatic safety winch to erect and retract the mast. Standard mast height is 25 feet, but masts up to 80 feet can be fitted. Four individually-set 1.5 kW tungsten halogen floodlamps are mounted on the mast, and are capable of lighting about eight acres.

The lighting unit has its own 7 kW Lister diesel generating set, and the mast can be erected and the unit in operation in about 5 minutes.

The dumper is driven by a 16.7 hp air-cooled twin cylinder Petter diesel engine, and has a top speed of 12 mph. The skip can be refitted whenever required.

Total cost of the dumper-lighting unit is £5,204. Details from Johnson Machinery, Adswood, Ches., SK3 8LG (061-480 2642) or Henry Cooch, P.O. Box 40, Sevenoaks, Kent, TN18 8LN (0732 667297).

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● COMPUTING

Evaluation for the novice

MEETING user interest, RTZ Computer Services' financial planning division has developed a project evaluation modelling system based on one of its two interactive financial planning systems—the Money and Profit Simulator.

This runs on the company's time-sharing service and provides the user who has little or no experience in project evaluation with the necessary disciplines to carry out an evaluation. Methods for incremental analyses are incorporated together with the facility to consolidate any number of projects into a single set of financial returns.

From forecasts of sales revenues, operating costs, capital expenditure and project financing defined by the user, the system will develop cash flows used to measure the project's profitability. The three standard cash flows include: total cash flow at risk; equity cash flow, which allows for the effect of project financing; and an external cash flow based on the monies subscribed and received by the shareholders in the project.

Inflation factors can be applied to all susceptible input items—an important facility for complex evaluations which would give distorted results if the effects of inflation were ignored.

More on 01-930 4163.

Low cost time share

OFFERED by Compelec Electronics is a multi-user time sharing computer system aimed mainly at educational and scientific applications.

Based on the Altair 8800b mainframe, it is fitted with 64k bytes of read-write memory and a pair of Altair floppy disc drives which yield 300k bytes per disc. There are three serial input/output ports. System software provided is the company's disc-extended time-sharing basic which will support up to eight users simultaneously, all working with different programmes. Without the display units the system sells for £5,861.

This standard system has provision for three visual-display units (available at £695 each) and every extra pair of display units will need an additional dual serial interface at £196.

This means that a maximum system, including eight VDUs and all necessary interfaces is available at only £12,000. Printers operating at 45, 60 or 180 cps can be supplied.

More from 107, Kilburn Square, London NW6 (01-328 1124).

● BANKING

Day and night service

ALMOST simultaneously, IBM has announced a newly developed banking self-service terminal and Lloyds Bank a decision to order 200 of the new units to extend its programme of on-line cash-dispensing and transaction processing units.

The IBM 3624 is cheaper and easier to install than the 3614 that it supersedes and will allow users to provide various services to customers out of banking hours. The medium used is a magnetic stripe card which, coupled with the customer's private code number and an instruction keyboard, gives access to the services.

Models 1 and 11 are for installation in branch lobbies or other supervised locations and models 2 and 12 for through-the-wall situations.

Currency for use in the equipment can be loaded off-site in locking cartridges each of which has capacity for up to 2,300 banknotes of whichever denomination.

Electronic security provides that sensitive account data is coded before transmission to or from the 3624 and physical security for through the wall situations takes the form of a one-inch thick steel safe with appropriate locks while a vandal resistant panel covers the keyboard and its associated guidance display until a valid magnetic striped card is inserted.

The card entry slot is protected by a gate which will not open except for a card of the correct size and rigidity.

Acquisition of these 200 machines will take Lloyds Bank well to the fore in bank terminal use—the 670 in-lobby and 36 through the wall units in use at present deal with some 300,000 transactions per week, representing withdrawals worth about £5m.

The intention is to raise the number of the terminals to about 1,000 by the end of 1979 by which time, there will be 100 units set up as through the wall units or stand-alone units in hypermarkets and other suitable sites.

More details of the 3624 from IBM, 101 Wigmore Street, London W1H 0AB. 01-935 6600.

● HANDLING

Hydraulic lifting tables

ACCORDING TO Trepel (U.K.) the conventional type of goods lift, with its overhead hoisting gear, deep pit, guide rails, etc., can be advantageously replaced in some applications by a scissor lift.

The hydraulic lift tables made by Trepel can operate between two levels up to five metres apart. Capacities range from ½ to 15 tonnes, and platform sizes start at 2 x 1.5 metres. When used to replace a goods lift the usual enclosure, gates and control gear are supplied.

The lifting mechanism is contained within the scissor lift base frame, requiring only a shallow pit to place the platform at ground level. No cables, hoist gear or guides are required, reducing the overall height needed and minimising shaft dimensions.

A typical installation is an 11 tonne lift at the Cartier supermarket, Strood, Kent. The unit has a 25hp motor, a 5.5 x 2.5 metre platform, and a lifting height of 3.6 metres which it traverses in one minute.

More from the maker at New Road, Sheerness, Kent, ME12 1NB (07956 4581).

● SAFETY

Scans for hot spots

PUT ON to the market by Telemechanics of Camberley is a temperature surveillance system which, although designed to monitor almost any number of remote or local temperature sensors in a complex of grain storage silos, should find application in factories, stores and other buildings.

Each measurement channel is provided with a moving coil meter indication of temperature from zero to 50 deg. C. and the equipment is also provided with a simple column printer which prints each channel value as it is measured.

The system can also be provided with simple limit-operation so that, if any measured location overheats, an alarm sounds and the location is shown on the indicator panel. Alternative battery operation is offered to cope with possible mains failure.

Using standard electronic sub-assemblies, the company will provide an equipment to suit any user requirement.

More from Frimley Road, Camberley, Surrey (0276 25107).

● WELDING

Controls spot welds

PROVIDING AUTOMATIC weld-time adjustment for line voltage fluctuation, varying airline pressure, changes in spot-weld pitch; and wear of electrode tips, is a spot-weld quality controller introduced by ARO Machinery Co., 190, Castlelnau, London SW13 9DJ (01-748 5434).

If the tolerances pre-set for weld quality cannot be maintained audible and visual warnings are given. The controller will also adjust weld-time if inadvertently the machine operator makes welds on the edge of the sheets, or where there are changes in material gauges in a given row of spot welds.

The unit can be connected to most makes of spot welding machines which have power switching by electromagnetic contactors, ignitrons or thyristors.

● CONFERENCES

Bulk flow monitoring

The Institution of Electrical Engineers together with six other technology institutions is to hold a two-day conference in London (April 26 and 27) covering measurement and control when handling and processing bulk materials.

Apart from emphasising the need for a systems approach to the whole problem of bulk materials handling, the conference wil contain six papers on "measurement on the move" covering belt weighing, moisture measurement, automatic sampling for on-line analysis, and particle velocity.

Further programme details and registration forms can be obtained from the conference department, IEE, Savoy Place, London WC2R 0BL (01-240 1871).

The Management Page

EDITED BY CHRISTOPHER LORENZ

Why opinions are split on the virtue of German banking

"I am always very thankful that I do not have to operate within the British financial system. While I support wider share ownership, the heavy reliance British companies have on the Stock Market for finance creates far more problems than it solves"—the financial officer of a large German engineering company.

"All this pious talk about the German banks' deep and searching knowledge of the needs of industry is so much hogwash. It is a damned good device the banks have invented for tying industry to their apron strings. What they do is get a company borrowed up to the eyeballs, and put a man on the Board to ensure they grab all future borrowings"—an overseas banker based in Germany.

The highly developed "universality" of the West German banking system is proving a double-edged sword. The evolution of a structure which ties the banks closely to industry is seen by many people as one of the keys to Germany's post-war economic boom. Others consider the banks' relationship with industry to be unhealthy, not only because of the closeness of the ties, but because German companies, compared with those in other countries—particularly the U.K. and U.S.—have very small capital bases in relation to their high level of borrowings. Even in Germany, questions are now being asked about the effectiveness of the banks; a Government commission is investigating the situation. A parallel atmosphere is to be found in the U.K., where various committees and commissions are probing the whole question of industrial finance—including Sir Harold Wilson's and Mr. Harold Lever's. Following the articles on Commerzbank and Barclays, which illustrated some of the issues involved (this page February 28, March 3, 6), Guy Hawtin reports from Frankfurt on the views of individual bankers and industrialists.

THESE uncompromising views reflect the intensity of the mushrooming debate in West Germany about the relations between banking and the nation's industry.

Not surprisingly, the strongest support for the German banking system is found among German bankers themselves and the nation's industrialists and this is underlined in the comments reported in the first part of this article. The critics, featured in the second part, embrace an overseas (largely Anglo-Saxon) viewpoint: that reflects scepticism about why the German banks have developed such a tight hold on industry.

The executive of the engineering concern maintains that "many British companies must find the type of long-term planning we do quite impossible. The British manager is constantly worrying about his interim and his annual dividend. If he doesn't think mainly about the immediate future his share price is likely to go down. If it does show a dip, the chances are that unless he is extremely lucky he will have trouble maintaining or increasing his overdraft level."

He also believes that the direct participation of the banks in West German industry provides a vital stability for the country's companies that would be lacking under a different regime. It frees German managers from the tyranny of the stock market, he feels, and secure in the knowledge that, within reason, they have no real financing problems, it enables them to indulge in a form of long-range corporate planning that would be difficult, if not impossible, in Britain.

His opinion is echoed by a West German private banker who claims that universal banks can afford to be rather more liberal than ordinary shareholders or other investment institutions, because their lending business, combined with shareholdings, enables them to take a more relaxed attitude towards dividends. "A bank with two horses to ride can afford to accept a reduced or waived dividend with less reluctance than those who rely on dividends for their sole income. This is not to say that the banks are 'soft' or 'easy touches,' but they take a longer view of things," he says.

He also maintains that one reason for Britain's slow growth in industrial investment was that the U.K. banking regulations denied the joint stock banks the type of security—by way of equity stakes in companies—enjoyed by the West German banks.

"It is very important to know that it is possible to step in and sort out a mess if it is necessary. Naturally, one still has a responsibility to one's depositors; that is unchanged. But holding shares in a company enables one to obtain far better information on the state of a corporate borrower before a loan is made. Membership of a supervisory Board gives much the same advantages," he says.

This view is in sharp contrast to that expressed recently in these columns by Commerzbank, the third largest of West Germany's Big Three commercial banks. Commerzbank recognises that there is a potential conflict of interests in being both shareholder and lender. Thus, when branches pass on to a local head office for approval of applications for loans the identity of the client not mean, however, that it can- is normally withheld.

The private banker, on the other hand, elaborates his point about the advantages of West German banking regulations by suggesting that, if, for example, the British banks had been governed by similar rules, Rolls-Royce would not have been allowed to collapse. Moreover, he says that AEG-Telefunken, rescued by the Dresdner Bank in particular and the country's universal banking system in general, would probably have gone to the wall if it had been a British company.

The advantages of the German system are also propounded by an executive director of a mechanical engineering concern. "I would much rather deal with a banker than private shareholders, especially the type that keep going on about shareholders' rights," he says. He feels that bankers are professional men and can usually see beyond the next dividend.

"My view is that if an entrepreneur launches his company on the stock exchange he loses control if he sells anything approaching a blocking minority. If I have an outsider in my company I'd rather have a banker, who has expertise on the financing side to contribute, than a representative of a group of people who are only interested in how much earnings will grow this year," he says.

A Frankfurt private banker claims that he would prefer to see most companies operating with a much smaller ratio of debt to their own resources. "It is probably much easier for the businessman if he keeps us out of his affairs. Obviously if he is carrying a heavy debt burden we must ensure as best we can that he pursues sensible policies."

An American banker, who is opposed to the universal banking system on the grounds that it stifles competition and gives the consumer a bad deal, grudgingly admits that the banks' participation in industry has a positive side. He says it may have encouraged long-term planning, as well as a conservative approach to new commercial fashions that has "sometimes" been beneficial.

Conservatism

"Despite the fact that there are some pretty big outfits over here, there is hardly anything that an American can describe as a conglomerate. West Germany seems to have missed the craze for conglomerates that we had in America in the 1960s. This means that Germany just didn't have the problem of the conglomerate gone sour. Of course, it hasn't got any good conglomerates either," he said.

He feels that the conservatism of the banks probably contributed to this state of affairs, but points out that conservatism is not always beneficial. "Look at retailing," he says; "the banks own a whole lot of retailing stock yet retailing over here is terrible. There is nothing more conservative than the German store groups. Profits are poor for the industry although mark-ups are fantastic by American standards. The merchandising is sloppy. The consumer loses out. So does the shareholder. The banks are the shareholders as often as not, but the banks' shareholders suffer."

Such criticism of German banks is made even more forcefully by the overseas banker quoted at the beginning of the article. Elaborating on his point about their tying industry to their apron strings and putting a man on the Board of a company to ensure they grab all future borrowings he says: "It makes a farce of competition within the banking sector. It's bad for the companies, themselves, and it's bad for their shareholders. If the company gets into trouble the bank puts in a few of its boys and makes sure that its own funds are safe, not by working out what is best for the company, but what is best for its own profits. The shareholders—unless it is one only—can go to hell in a hand basket."

Dismayed

The West German banks are not unnaturally dismayed by this view. One German banker says: "Even if such a policy were in our interests—and I most firmly believe that it would mean commercial disaster—we would never be allowed to get away with it. The Government and the cartel office would react immediately."

Another German banker admitted that there were possibly drawbacks to the system, but pointed out that there appeared to be no practical alternative to it that offered industry a better deal. He pointed out that banks had been investing in industry for many years before the First World War; the country's history since 1918 had left neither industry nor the banks with any real choice other than to develop the banking industry in any other way.

Product innovation: the crucial test for Britain

ANYONE who fails to grasp the significance to his company of the much-reported "North-South dialogue," or cannot spell out the meaning of LDC—the latest euphemistic acronym to be borrowed from the U.S.—should immediately get hold of the latest issue of "The Business Graduate," the journal of the Business Graduates' Association in Britain.*

He will find a masterly expose by one of the best respected American management consultants on why Britain is particularly vulnerable to the accelerating industrialisation of much of the developing world, and on what U.K. companies should do about it.

The reason why the emerging challenge of many "less developed countries" (LDCs, in the new international parlance) has not yet been widely perceived is that it is still indirect, according to Mr. Hugh Parker, who was for 15 years managing director of McKinsey's British operation, and is now president of the American Chamber of Commerce.

By this he means that U.K. and other western companies are not yet meeting the LDCs as head-on trading competitors in third countries on any substantial scale. Instead, many of the LDCs are becoming self-sufficient in certain mature and basic products—textiles, shoes and steel are the most obvious examples — and are therefore rapidly closing as export outlets for western manufacturers.

U.K. companies will be particularly hard hit because such a large part of their exports has traditionally gone to these markets—many of which practised a preference for Commonwealth countries.

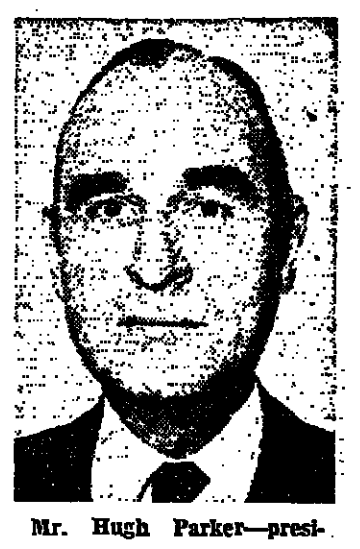
"But this is only the beginning," Mr. Parker warns. LDCs are acquiring the capability to move "up-market" into intermediate, and ultimately, into higher technology manufactures. Areas of engineering such as automotive products, shipbuilding and basic machine tools are already being invaded by countries like South Korea, Poland and Taiwan. Hong Kong and East Germany are now producing high-precision goods like cameras and optical equipment far more cheaply than would be possible in the west. This trend is likely, not only to continue, but also to accelerate, says Mr. Parker.

The key to the future competitiveness of British companies in this difficult situation will be technical innovation—of that Mr. Parker is in no doubt. In spite of the continuing massive transfer of wealth to some LDCs through petrodollar flows, and in spite of the transfer of technology and other forms of assistance, western countries will still have a vast resource of technological innovation "on which to build entirely new industries for the future."

Like other analysts of this inexorable situation, Mr. Parker has plenty to say about how the U.K. Government should act: taxation and incentives are naturally spotlighted, as is the negative impact of proliferating government agencies and regulation.

A less obvious suggestion is the establishment in this country of at least one institution like the Massachusetts Institute of Technology, whose contribution to the creation of real wealth in the U.S. has been "incalculable." This would help meet Mr. Parker's objective of linking education in engineering and the "hard sciences" to "the practical realities of industrial requirements."

From the point of view of companies Mr. Parker reviews the pioneering efforts of several of the larger ones in Britain—British Steel, IBM, ICI and Shell—to encourage the creation of new enterprises from within, or in their immediate community. In this, he echoes many of the proposals of last year's Ashridge Lecture by Mr. C. C. Pocock, chairman of the Royal Dutch/Shell managing directors committee (see this page, November 11, 1977).



Mr. Hugh Parker—president of the American Chamber of Commerce and formerly managing director of McKinsey's British operation.

The key to getting an innovative programme off the ground, Mr. Parker considers, is Mr. Pocock's last suggestion: to enlist an entrepreneurial executive to look for opportunities. In large corporate organisations, Mr. Parker emphasises, "the only way to get something started and to make something happen is to assign specific responsibility for it to a senior executive with the necessary authority and motivation."

**The Business Graduates Association, 87 Jermyn Street, London SW1 6JD. Tel. 01-930 9368/9.*

Designing for a better future

PART OF Mr. Parker's thesis was developed late last week by Britain's top civil service overseer of industry, in a speech about the need for better industrial design in the U.K.

The U.K. was "not all that good at managing change," but would have to improve if it was to survive with a comparable standard of living to that of its neighbours, said Sir Peter Carey, permanent secretary at the Department of Industry.

If it was not to become just an offshore island, producing cheap commodity products for its wealthy European neighbours, its route must be up-market, with high-quality goods of superior design and sophistication, based on technological skill and craftsmanship, Sir Peter told the annual dinner of the Society of Industrial Artists and Designers.

There were a number of indications "that our loss of market share has derived from the inappropriateness of many of our products to market requirements." In some cases this might be primarily a marketing problem, in that we were making the wrong thing. But in others it seemed we had the right concept, but were not designing it well enough.

"Sometimes we can see certain factors which contribute to this situation, such as the lack of suitably qualified or experienced designers, or the conservatism of British customers. This prevented the establishment of a firm home market base, from which to export an innovative product.

"We have heard of sound basic design being affected adversely by poor design detail, or poor reliability and maintainability," and of insufficient attention being paid to ease of operation.

All this contributed to the reason why NEDO had asked Kenneth Corfield, deputy chairman of Standard Telephones and Cables, to prepare, with the help of an advisory group, a report on the measures necessary to raise the standard of U.K. product design.

One necessary change was the fostering of the idea of design as one of the central functions of company management, Sir Peter said. There must be strong links between design and other company functions; only in this way would companies be able to avoid their products failing because their customers' wishes or production methods had not been given enough attention in the original design.

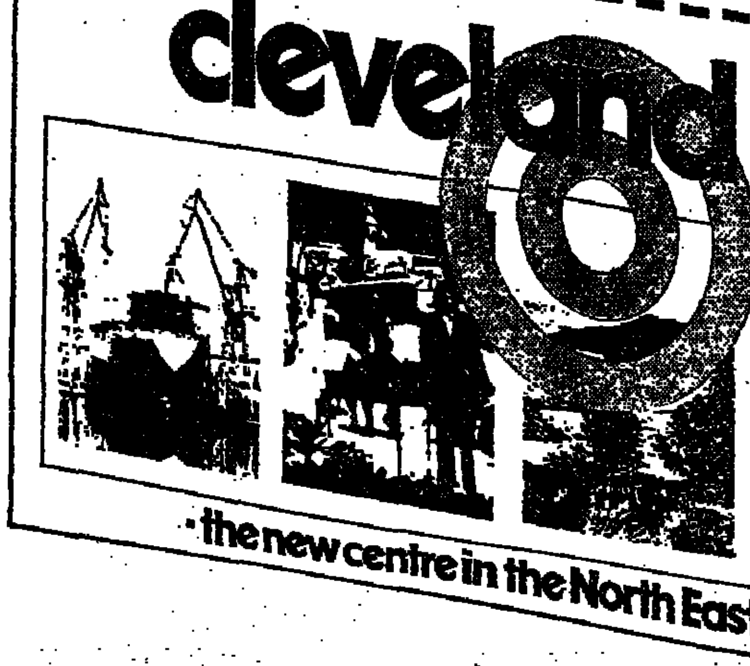
One of the most telling of Sir Peter's appeals was for companies to "avoid the false antithesis of industrial and engineering design." To him, industrial design was the design of the products of industry; for any sort of product, it should include whatever design — engineering or otherwise — was a necessary part of the whole.

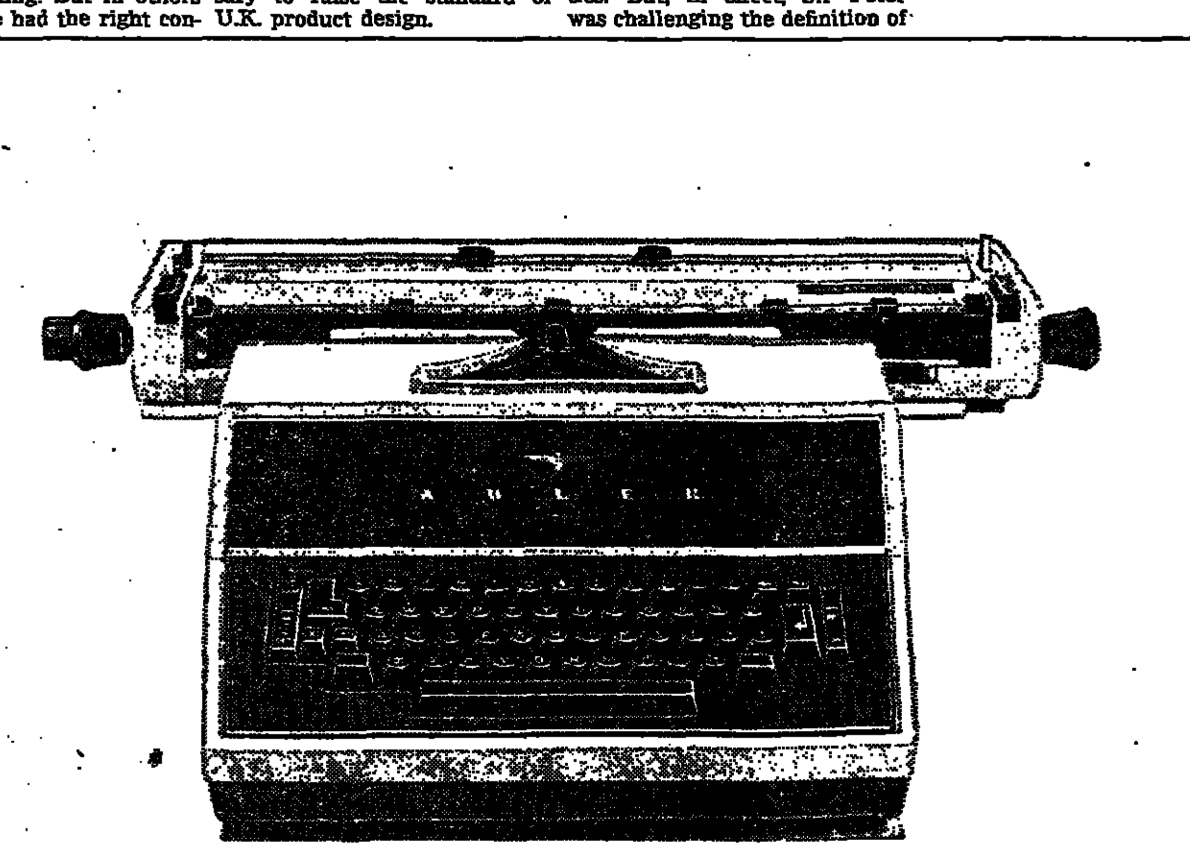
To the outsider, this might appear little more than semantics. But, in effect, Sir Peter was challenging the definition of industrial design which became increasingly accepted through the 1960s—at least among designers themselves—that of adding what might be called "styling" to industrial products.

This key question (discussed in depth on this page last October 28 and January 11) was side-stepped by the President of the Society, Mr. Richard Negus, when he complained that while this country produced more "designers" (no definition) than any other, they were having to look overseas for a worryingly high proportion of their work. Even Sir Peter Carey clouded the issue by claiming that Concorde was a "magnificent example of industrial design," and then going on to say that "the translation of designs into commercial, profitable production seems much more difficult for us."

His other remarks, however, seemed to reflect a view of industrial design which was in line with the new thinking at the top of the Design Council: that good industrial design embraces product reliability, appearance—and economic viability.

C.L.





Doomed to co-operate

BY JONATHAN CARR

IT IS NOT often that one is treated to the spectacle of a member of the European Commission publicly taking off his kid gloves and laying into the government of an EEC member state. West Germans have therefore been astonished to see two members of the Brussels body—one British the other German—doing just that.

Last week Mr. Christopher Tugendhat, the commissioner responsible for budgetary affairs, told a Munich audience that Bonn was, in effect, being two-faced over the Common Agriculture Policy (CAP). While moaning about the costs of the CAP, he said, Bonn was itself acting to increase them. Some of the biggest farm produce surpluses in the EEC were now held on West German soil. Mr. Tugendhat also went out of his way to contradict the view of Germany as "paymaster of Europe" noting that the Dutch and Belgians actually pay more per capita into the EEC coffers.

Solidarity

This was an unfamiliar line of argument to German ears and some of Mr. Tugendhat's audience appeared politely disbelieving. Not so those who heard a lengthy radio interview from Herr Guido Brunner, the member of the commission responsible for energy and research, a few weeks earlier. He suggested that Britain had so often put itself in a minority of one on a series of EEC policies that the very basis of the Community was being put in question. And he dropped a broad hint that Chancellor Helmut Schmidt should use Bonn-Paris co-operation as a lever to bring more Community solidarity from the British when the Germans take over the EEC Council chairmanship.

Well, there is nothing like plain speaking, perhaps these remarks would have carried even more weight as an independent assessment had Herr Brunner made Mr. Tugendhat's remarks about the Germans and vice versa.

The British tire rather easily of the vision of the Federal Republic as the best boy in school—one whose enterprise and thrift are an example to weaker brethren. After all, the British are inclined to say, the Germans have gained advantages from the free market of the EEC which have far outweighed their net contribution to the pitifully small Community budget. As for the Germans, they often ask when the London Government blocks another EEC policy—"was it for this that we fought so long and hard to have Britain become an EEC member?" The number of those in the German Cabinet with an axe to grind against the British steadily increases. And Herr Schmidt is left holding the line, seeking to fix up a compromise with his friend Jim Callaghan on matters as diverse as the European unit of account, nuclear fusion and fish.

And of course Herr Schmidt is quite right. Arguments about which member of the EEC is a "better European" are ultimately fruitless.

The truth is that despite much mutual finger-pointing West Germany and Britain are doomed to co-operate and are likely to become closer allies than ever. This is partly a function of the historical accident that Britain is the only country directly and simultaneously involved in three key areas of German interest—the EEC, Nato and Berlin (as one of the three Western occupying powers). But it is also a judgment based on what is likely to happen in the Community over the next few years because of enlargement. The impending accession of Greece, Spain and Portugal will put increasing pressure on the richer members of the Community to help bridge the gap with their poorer southern neighbours. That means West Germany of course—as usual. But Britain with an oil-induced balance of payments surplus and a relatively strong currency may well find itself in the unaccustomed role of potential European "paymaster" too. It will protest that it has all sorts of essential tasks to perform at home with its new-found and limited wealth—which is a very German-sounding sort of argument. The Governments in Bonn and London will have a common interest in seeing that increased transfer of resources in the Community only takes place under appropriate conditions—for example when the economies of the members of the enlarged Community are running "in parallel" (whenever that may be).

Federal system

But is there not a fundamental difference of aim between Britain and West Germany? The Germans surely want a federal system in Europe while the British want no such thing. It is true that the Germans say they want a federation—but agree that it is a very long way off and, meanwhile, there must be a series of "small steps" to solve practical problems.

The British agree about the "small steps" and will be disinclined to interfere with other people's dreams (merely noting from time to time that federalism is not an aim formally enshrined in the Treaty of Rome). With apologies to George Orwell it is fair to say that "there abideth faith, hope and money in the EEC—but the greatest of these is money."

Fine wines from Germany's smallest district

WINE

BY EDMUND PENNING-ROWSELL

THERE ARE 11 officially designated wine districts in the German Federal Republic—the full title is spelled out because there is a tiny, rather remote 12th in the German Democratic Republic near Meissen—but even fairly knowledgeable wine drinkers here might not immediately be able to name the 11th and smallest; and then unhesitatingly place it on the map. It is the Hessische Bergstrasse, which lies on the right bank of the Rhine about 45 miles south of Mainz.

Nor are many in this country likely to have drunk its agreeable, often distinguished wines. For their output represents only about 0.3 per cent. of average German wine production, and 80-90 per cent. are sold and consumed locally, or within an area of about 20 miles.

Within Germany the Bergstrasse is particularly known for its micro-climate which causes it to be called the *Frühlingsgarten*, the Spring Garden of Germany, where flowers and blossoms bloom exceptionally early, and people drive out from Mainz and Frankfurt to enjoy its pristine luxuriance: and to partake of the local wine.

The favourable situation of this narrow strip of vineyards, not much above ten miles in length, comes from the mellowing influence of the Rhine to the west, and the slopes of the protective Odenwald on the east, which shelters the steep vineyards from the rough easterly winds. Frost is little known, and the worst natural enemies are the starlings, against whom the vines have to be netted.

The Bergstrasse, so-called because it runs along the foot of the Odenwald, continues south into Baden, past Heidelberg and down to Weisloch, but there it is not a distinct wine district as in Hessen, though somewhat similar wines are produced in the southern section. The Hessen part—nothing to do with the Rheinhessen on the other side of the river — runs south from Darmstadt to Heppenheim—and its vinous links are with that other Hessen district, the Rheingau. So much so that the State Domaine at Bensheim on the Bergstrasse is administered from the famous State Domaine at Eltville and Kloster Eberbach, whose chief glory is the great Steinberg vineyard. The labels of the Bergstrasse wines have on them the same stylised black German eagle, which for some carries an uneasy recollection of the years when a swastika was planted on its breast: though now, one is assured, the eagle faces in the opposite direction!

Although Bensheim is almost directly opposite Worms, the original source and inspiration of all the Liebfraumilch, the Bergstrasse wines are much more akin to those of the Rheingau. The soil is lighter, composed of granite, sandstone and loess, and these more southerly wines have rather less acidity than the Rheingaus, but they can also have a firm hardness. In both areas the leading grape is Germany's finest, the Riesling, and except for those rather few Rheinhessen wines produced from this grape, the Bergstrasse wines tend to have more character and style than their neighbours across the river. At one time the Bergstrasse was largely planted with the Sylvaner, but now it only accounts for 12 per cent., with the Riesling representing 55 per cent. (60 per cent. in the State Domaine), the Müller-Thurgau 20 per cent., and the balance made up of Ruländer, Traminer, Scheurebe; etc. It is the basic reliance on Riesling that gives many of the Bergstrasse wines their quality.

In this the small State Domaine at Bensheim plays an important part. It was founded in 1902 by the Grand Duke of Darmstadt to demonstrate good wine-growing to the hundreds of small local growers. In the Twenties a Hessische experimental centre, owned by the Frankfurt Chamber of Agriculture, was founded and in 1970 was amalgamated with the State Domaine, which had already received the estate of the Graf von Eberbach-Schönberg. To-day it produces 200-250,000 litres, or 10 per cent. of the total Bergstrasse production from six sites, including the two best in the district: Centgericht and Steinkopf. Although the head of this Domaine is Dr. Hans Ambrosi, the well-known director in Eltville, the local director is Herr Hildebrandt, formerly in charge of Schloss Reinhartshausen, the Hattenheim property of the family of Prince Frederick of Prussia.

There are half a dozen other substantial growers and merchants—Seitz at Bensheim probably the biggest—but in this area of small producers the co-operative at Heppenheim is the largest organisation, responsible for about 60 per cent. of total output: 2-3m. litres. Founded as long ago as 1904 it has 550 members, only ten of whom are full-time growers, with another 100 also engaged in other forms of agriculture in this fertile part of the Rhine valley.

All the others are what might be called "week-end" growers, whose main jobs lie in the neighbouring industrial towns. In some parts of the world the name co-operative (here, in fact, Winzergenossenschaft) suggests a rather poor-relations affair making rather lowest-common-denominator wine, but not in Germany; and the Heppenheimer one is as modern and spick-and-span as most of the others. It has a turnover of DM6m., and 500 hotels, shops and restaurants as customers, most of them supplied with wine in litre-bottles, much favoured here for selling as "open wine."

The general run of Bergstrasse wines are fairly light, though those made from the Ruländer are heavier; and so are the Müller-Thurgau wines. Their alcoholic strength is around a moderate 10 degrees, and they have a nice flowery bouquet, though with less acidity than the more aristocratic Rheingaus. An interesting development, also to be noted elsewhere in the German wine-producing areas, is the making of entirely dry wines. This is achieved by fermenting the wine right out, leaving no residual sugar. The new fashion for these "*trocken*" wines is said to arise from a new German concern for dieting, encouraged by health organisations and journals. Very ripe grapes are needed to avoid an excess of "greenness," but they are certainly more suitable for drinking with savoury food; though I found some of them rather austere. If of sufficient quality a yellow seal will be found on the bottle, instead of the red one on better quality wines, produced in the normal way.

Most Bergstrasse wines are drunk young, and it would be uncommon to find anything older than the fine '75s and '76s; and this summer the '77s will be available, as most wines are bottled early.

Since, as stated at the beginning of this article, these Bergstrasse wines are unlikely to find their way here, it may be queried why they are worth writing about. The answer is that they are wines of fine quality with a character of their own, and if not imported here to any extent, it is for the same reasons that face small-district wines from elsewhere: a lack of commercial strength to promote them, and our heavy fixed duties that discriminate against such wines. But, contrary to EEC policy, are these with us for ever? Meanwhile, travellers still visit the Rhineland, including those on business: and a day off from the scrambled-together Frankfurt / Wiesbaden / Mainz conurbation in the relative peace of the Hessische Bergstrasse is to be recommended—and not just for the flowers.

Watch the Irish at Cheltenham

RACING

BY DOMINIC WIGAN

IT WILL BE fascinating to see how the 50 Irish challengers at Cheltenham this week fare over the three days of the Festival meeting.

A team of 43 from over the water produced seven winners last year—one short of the record eight achieved by Ireland 20 years ago. In 1976 a slightly smaller force landed five races.

Although Ireland is not strongly represented in either the Piper Champagne Gold Cup or the Waterford Crystal Champion Hurdle, there are a good number of Irish-trained hopefuls for such prizes as the Daily Express Triumph Hurdle and the two Sun Alliance races.

To-day alone, could yield three or four victories for the shamrock.

In the opening race the Sun Alliance Novices Hurdle—an event Ireland has won since 1972—I shall be surprised if the first prize does not go to either Glasgow Express' half-brother, Flame Gun, or the certain favourite, Mr. Kildare.

The Eddie O'Grady-trained Flame Gun, a model of consistency since finishing down the field on his first-ever appearance over the minor obstacles at Naas on Guy Fawkes' Day, may prove capable of testing Mr. Kildare, but it is doubtful whether he will quite have the pace to master him.

Those who are looking for a long-priced outsider as an each-way alternative to Mr. Kildare, Richard Head's Isotip is recommended.

The six-year-old Orchardist gelding, from an Upper Lambourn stable which does remarkably well here, is sure to make his presence felt if he reproduces his form when he beat 25 opponents by a wide margin in a division of the Bristol Long-distance Hurdle on his last appearance here.

In the Sun Alliance Chase, I find it difficult to look beyond Jim Dreaper's Ballyross who comes to Cheltenham with the most exalted reputation of any Irish runner.

That lightly raced Cantab gelding has gone from strength to strength since the start of the campaign and recently followed a 12-length Leopardstown victory over Hilly Way (twice a winner since) with an equally impressive success over Siberian Sun in that course's Sandymound Chase.

Although the farthest he has attempted has been the 2½ miles of those Leopardstown races, I have little doubt that Ballyross will see out to-day's three miles and stamp himself as a future winner of the Gold Cup.

A year ago, Grangegood Girl found Skymas just a neck too good at the end of a dramatic race to the National Hunt two-miles Champion Chase, and with that winner an absentee this time, Grangewood Girl's connections must be hopeful of going one better.

She will not have matters all her own way with the likes of Flashy Boy and the under-rated Tingle Creek in oppostion, but should, nevertheless, give her able Shaftesbury trainer, Mrs Anne Finch, her biggest success to date.

Another race which could fall to a leading contender from a year ago is the closing event, the Cheltenham Grand Annual Chase.

Last year's winner, Tom Morgan, faces one of his closest victims Dulwich, on 9 lbs worse terms for a 3½ lengths beating.

Dulwich, third in the race last year and separated from Tom Morgan by Casbah, could well turn the tables this time without, perhaps, dealing with Ireland's grey, Vaguely Attractive, the game conqueror of Rathgorman at Naas a few days' ago.

CHELTENHAM

2.30—Mr. Kildare
2.30—Isotip
3.05—Grangewood Girl
3.40—Son and Heir
4.15—Ballyross***
4.50—Jack of Trumps*
5.25—Vaguely Attractive**

TV/Radio

BBC 1

† Indicates programmes in black and white

6.40-7.55 a.m. Open University. 9.10 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.14 For Schools, Colleges. 3.00 Racing from Cheltenham. 3.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Playhouse. 5.10 John Craven's Newsround. 5.15 Take Hart. 5.35 Ludwig.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Young Musician of the Year.
7.20 The Rockford Files.
8.10 The Good Old Days.
9.00 News.
9.25 Pennies from Haven.
10.45 To-night.
11.25 The Engineers.
11.50 Weather Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 p.m. Wales To-day. 6.50 Heddiw. 7.15 Pobol y Cwm (senod) pennod 24. 7.45-8.10 Ask the Family. 11.50 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.50 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
†11.30 Propaganda with Facts.
11.55 The Living City.
12.20 p.m. Having a Baby.
2.00 Other People's Children.
2.15 Racing from Cheltenham.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 On the Rocks.
7.20 Newsday.
8.10 Pro-Celebrity Golf.
9.00 Pebble Mill Showcase.
9.30 The Man Alive Report.
10.20 Poems and Pints.
10.45 Late News on 2.
10.55 The Old Grey Whistle Test.
11.35-11.45 Closedown. Hugh Dickson reads 'Squire Hooper' by Thomas Hardy.

LONDON

9.30 a.m. Schools programmes. 11.54 Felix the Cat. 12.00 Paper play. 12.10 p.m. Rainbow. 12.30 A Fair Chance. 1.00 News. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Sam. 3.20 The Rolf Harris Show. 3.50 Couples. 4.20 Get it Together. 4.45 Magpie. 5.10 Sportscene.
5.45 News.
6.00 Thames at 6.
6.40 Crossroads.
7.05 Dave Allen.
7.35 Charlie's Angels.
8.30 Armchair Thriller.
9.00 Wilde Alliance.
10.00 News.
10.30 Dustbowl.
11.15 Gibbsville.
12.15 a.m. Close: Geoffrey Hinsliffe reads a poem by Rabindranath Tagore.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 3.20 The Electric Theatre Show: Donald Sutherland. 5.15 Emmerdale Farm. 6.00 About Anglia. 11.15 Quincy. 12.15 a.m. Anthology.

ATV

11.55 a.m. Betty Boop. 1.20 p.m. ATV Newsdesk. 3.20 Quick on the Draw. 5.15 Laverne and Shirley. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Robin's Nest.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 3.20 Friends of Man. 5.15 Indoor League. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Robin's Nest. 11.15 Baretta. †12.10 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 3.20 Friends of Man. 5.15 The Flintstones. 6.00 Report at Six. 7.05 Treasure Hunt. 7.35 Charlie's Angels. 10.28 Channel Late News. 11.15 Dan August. 12.10 a.m. Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 3.20 Women Only. 3.45 Cartoon Time. 5.15 Wings 'n' Things. 6.00 Grampian Today. 6.10 Country Focus. 11.15 Reflections. 11.20 a.m. Police Woman.

GRANADA

1.20 p.m. This Is Your Right. 3.20 Mr. and Mrs. 5.10 This Is Your Right (second chance to see Lord Winstanley's programme). 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 11.15 Reardon on Snooker. 11.45 Wait Till Your Father Gets Home.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 3.20 The Electric Theatre Show. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 Emmerdale Farm. 11.15 Police Woman.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Seren Wib. 6.00-6.18 Y Dydd. 10.30 Bywyd. 11.15 World in Action. 11.45-12.30 a.m. Celebrity Squares.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 3.20 Mr. and Mrs. 5.15 Pipet and Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Robin's Nest. 11.15 Late Call. 11.20 Rush.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 3.20 Survival. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day including Southsport. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Robin's Nest. 11.15 Southern News Extra. 11.25 Drive-In. 11.55 The Practice.

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 3.20 The Odd Couple. 5.15 Nobody's House. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Robin's Nest. 11.15 The Collaborators. 12.15 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 3.20 Mr. and Mrs. 4.18 Ulster News Headlines. 4.20 Get It Together. 5.15 Friends of Man. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Robin's Nest. 11.15 Pro-Celebrity Snooker, followed by Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.20 Friends of Man. 5.15 The Flintstones. 6.00 Westward Diary. 7.05 Treasure Hunt. 10.28 Westward Late News. 11.15 Dan August. 12.10 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 3.20 Houseparty. 5.15 Indoor League. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Robin's Nest. 11.15 Police Woman.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn from East Kilbride. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 Folk 78 (S) joins Radio 2. 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2 including 1.55 p.m. Good Listening. 10.00 With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore (S) with The Early Show including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 Sports Desk. 3.05 National Hunt Two Miles Champion Chase. 3.45 Sports Desk and 4.15 Sun Alliance Steeplechase. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Nick Page (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 presents Derek Brimstone in concert (S). 7.30 On the Third Beat (S). 8.02 Hubert Gregg at The London Theatre, part 96: Lyceum Gaiety. 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Beat the Record. 10.30 Edmundo Ros says "My Guest" (S). 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

† Medium Wave only

†6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 The Week's Composer: John Bull (S). 9.35 Viola and Piano Recital (S). 10.15 Maconchy and Berg concert (S). 11.20 French Harpsichord Music (S). 12.15 p.m. Lunchtime Prom, part 1: Elgar, Mozart (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Lunchtime Prom, part 2: Purcell, Vivaldi, Handel (S). 2.05 Chilingirian String Quartet (S). 3.20 A Little Light Music (S). 4.20 Haydn chamber music (S). 4.35 The Vaughan Williams Symphonies (S). 5.15 Jazz Today (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Work and Training. 7.30 BBC Scottish Symphony Orchestra, part 1 (S). 8.15 Finding a Voice (talk by Dannie Abse). 8.35 BBC Scottish Symphony Orchestra, part 2 (S). 9.25 The Ring and the Book. 10.15 Prague String Quartet (S). 10.40 Haydn and Beethoven, piano recital (S). 11.25 News. 11.30-11.35 And Tonight's Schubert Song (S).

Radio 3, VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 6.52 (VHF) Regional News. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 Today including news headlines, weather, papers, sport. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 On Location. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Profile. 12.00 News. 12.02 p.m. You and Yours. 12.20 Desert Island Discs. 12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 The Woodlanders (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.10 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news (VHF) Regional News. 6.00 News. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 BBC Scottish Symphony Orchestra (S) (as Radio 3). 8.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Not Now, I'm Listening Again. 11.00 A Book at Bedtime: "Esther Waters," part 2. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 News.

For Schools (VHF only) 9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 News Extra. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 All That Jazz. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

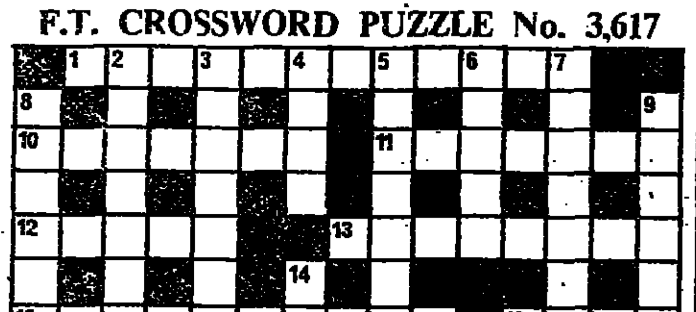
5.00 a.m. Morning Music. 6.00 A.M.: Non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 O'Clock Call. 8.00 After 8—with Ian Gilchrist. 9.00 Nightline. 1.00-5.00 a.m. Night-Extra.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,617



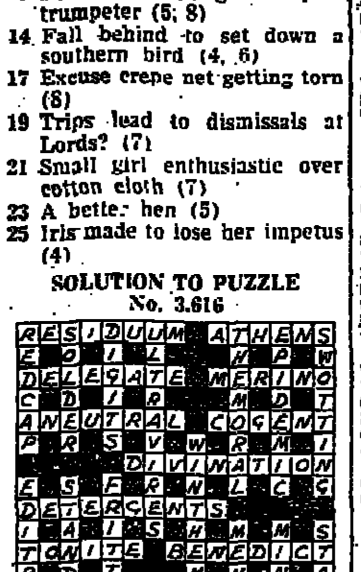
ACROSS

1 Assistance leaving outdoor observer a sight better (5, 7)
10 Theme by a student dealing with current affairs (7)
11 Finished without having to change (7)
12 Month shortened on part of stage (5)
13 Strict proof of bitterly contested Ashes encounter (4, 4)
15 Current flow from oil wells (4, 6)
16 Sounds like food to apportion (4)
18 Cat's-paw also left (4)
20 Coming up for air (10)
22 Hard being without part of Bible (8)
24 Fish to catch returning to church (5)
26 Whiskers driving vehicle to ditch (7)
27 Light Leatherhead tanner disturbed (7)
28 Start putting places for vegetables (6, 6)

DOWN

2 Risk using force around Rhode Island (7)
3 Monstrous stretch of northern water (4, 4)
4 Deceive a bird (4)
5 Part of church sounds hostile to non-conformists (10)
6 Violin quickly starts up (5)
7 They sue maybe in sleep (4-3)
8 No crooked way to House of Lords stroke (8, 5)
9 Burdensome thing for a pale trumpeter (5, 8)
14 Fall behind to set down a southern bird (4, 6)
17 Excuse crepe net getting torn (8)
19 Trips lead to dismissals at Lords? (7)
21 Small girl enthusiastic over cotton cloth (7)
23 A better hen (5)
25 Iris made to lose her impetus (4)

SOLUTION TO PUZZLE No. 3,616



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Tate Gallery

The Spirit of William Blake

by DAVID PIPER

William Blake at the Tate Gallery follows hard on the heels of Thomas Rowlandson at the Royal Academy (reviewed last week). A coincidence of opposites: Rowlandson all earth and flesh (ripe to over ripe), Blake all fire and spirit. Both dedicated to excess (Blake avowedly so), both expressing themselves in terms of line—according to those who analyse the Englishness of English art, an integral element in the national character—but using line for marvellously different ends, while Rowlandson would have been very baffled to understand Blake's conception of excess. Rowlandson's line bounding across the page, tracing the elastic curves of young flesh and finding the same curves in English landscape and foliage, tracing with equal zest the sag of ageing flesh, bellies, noses, carbuncles. Blake's line leaping up the page, sometimes quivering still as candle-flames. They were almost exact contemporaries: Blake born in 1757, a year after Rowlandson, and dying in 1827 in his seventieth year, six months after him. The essence of their work can now be compassed within a morning, including a short ride on an 88 bus from the Academy to the Tate, and a very strange experience it is.

David Piper will be writing about art every month in the Financial Times. He is Director of the Ashmolean Museum, Oxford, having previously held similar posts at the National Portrait Gallery and the Fitzwilliam Museum, Cambridge. He is the author of several books on British painting and portraiture.

Queues there may well be at the Tate for ever since that band of youthful admirers clustered about Blake in his last years—Linnell, Samuel Palmer, Richmond—he has been at the centre of a cult: in recent years, especialy among the young. He is accorded charisma, he is an abiding *guru* (and almost my only criticism of this admirable exhibition is that a cast of that astonishing icon of his head, taken from the life, is not included). This is the first comprehensive showing of his work there has been for some years. That is, of his visual art, but though the exhibition is designed, and designed very skilfully and without gimmicks, to concentrate the mind on his visual work, it reminds the viewer constantly of the inextricable inter-relationship of Blake's three main capacities—as poet, prophet, and artist. This is part of the reason why, in the last capacity, as artist, he has until very recently been very difficult to "sell" to other than Anglo-Saxon tastes: he has not been a product for export. And he is indeed an extraordinarily uneven artist, not only in the quality of his drawing, but in his balance on the dizzy brink whence the sublime falls headlong to the ridiculous. There is an evocative introduction, at the threshold of this exhibition, showing the persistence of his spirit through artists such as Palmer, Rossetti and up to David Jones and Sutherland, but the irreverent may at times be also reminded of James Thurber. The exhibition does not ignore the occasional absurdities; but what it really does to startling effect is, of course, to focus again and again on the finest qualities and achievements of his work.

The drawings and watercolours do not reproduce well: the all-important tension of the line loses vitality, while the colour can seem diluted almost to insipidity. In the originals, the colour, while generally not strong, can have both an intensity and a subtlety (especially in conveying a sense of physical mass in images as vivid yet void as flames) that has no rival among English watercolourists. Even in the extraordinary faithful facsimiles that the Blake Trust has been producing via the Trianon Press, the concentration somehow falters.

To see so many originals together is an opportunity that will not recur again for a long time — and perhaps never, in such satisfactory selection, drawn from collections here, in America, in Australia. The arrangement proceeds chronologicaly, with the young arist, training first as an engraver, gradually finding his true unique style, evolving from the hieratic linear compositions of contemporary neo-classicism, to the illuminated books, from the *Songs of Innocence*, of 1789, onwards. These books are not only the result of great sustained labour, the whole of each page being engraved text and illustration together, but are virtually a new art-form, though through them Blake gradually elaborated that complex, highly personal mythology in verse that is digestible only by a small percentage of those who admire Blake as lyric poet and as artist. The books include some of the least successful (for example "the Tyger tyger burning bright/in the Forests of the night" is betrayed by the drawn image, apparently Faithful Fido rather than a cat) as well as the most striking of his images. Thus "The Ancient of Days" (God creating the Universe) which served as frontispiece to *Europe* of 1794, has become one of Blake's best known, most elemental-seeming images—the Almighty measuring out creation with dividers sharp as a logical lightning; you have, though, to read fairly deep into Blake before gathering that this, in typical contrary form, is a critique of the Almighty, constraining creation by reason rather than releasing it by imagination. Four states of this are shown, all as usual worked up by the artist with pen and colour, and throughout the exhibition there are comparably illuminating juxtapositions of reworkings of one subject. This, combined with the bringing together of long-scattered sequences — the large colour prints of the late 1790s; the illustrations (magic almost surreal wraiths, some of them) to Young and to Gray; the biblical illustrations, those to Milton, and the final burning of undiminished vision in the Dante designs.

Antaeus Setting Down Dante and Virgil in the Last Circle of Hell

The work in tempera, or rather, in that weird amalgam involving gum that Blake invented, is represented to more telling effect that I have ever seen. If most of the early ones have not lasted too well, clouding into a sometimes almost muddy gloom, some of the later have a radiant limpidity—notably that mysterious scene, perhaps the Cave of the Nymphs from the *Odyssey* from Arlington Court. Mysterious, downright obscure even, though the imagery of prophesy in verse or drawing may be, the message of Blake's art is stunningly clear—that the spirit, tranmitting base batter, can burn white-hot in its ephemeral frame of flesh.

The exhibition has been organised in association with the William Blake Trust, whose great work now approaches completion. Part of that will be Martin Butlin's full catalogue of Blake's work, later this year, while for this exhibition he has compiled an admirable, fully illustrated, select catalogue, *William Blake* (paperbound £2.95, hardback £4.75). Simultaneously, David Bindman, already the doyen of the younger generation of Blake scholars, has compiled the *Complete Graphic Works of William Blake* (Thames and Hudson, £20) with 765 illustrations—no colour, but with enviably and consistently high quality of reproduction, it must become a standard working tool (including all the illuminated books in full). Also to be recommended, Morton D. Paley's *William Blake* (Phaidon, £11.95), a useful general introduction with a representative selection of large and clear reproductions. The exhibition at the Tate continues till May 21.

Coliseum

The Force of Destiny

by ARTHUR JACOBS

Superb interpretations by Josephine Barstow and Norman Bailey in two of the three principal roles, plus a gem of a comic character part from Derek Hammond Stroud would be enough to elevate the English National Opera's performance of Verdi's *The Force of Destiny* to a very high plane. But these are not the sole virtues of this "half-new" production—the scenery retained from the original production of 1968, but with the action re-directed by David Ritch in place of Colin Graham.

It is not an ideal solution, since David Collis's scenery is itself an outstanding example of designer's schizophrenia. The opening interior scenes—in the Marquis's mansion and in the crowded inn — are naturalistic, but the battlefield and monastery are represented by geometric rocks and flat outlines.

Reasons of economy, however, are likely to favour such "half-new" productions. Not that economy was openly pleaded this time: *The Force of Destiny* was announced as a replacement for a completely new *Fidelio*, said to have been postponed "at the request of the producer."

Mr. Ritch's new stage action begins excellently. So often it seems a double absurdity that the eloping lovers should, for purely vocal reasons, linger so long that they are caught, and that the hero's pistol should accidentally kill the heroine's father. Here the events are handled with skill and dispatch. But the evening's greatest contribution to verisimilitude is the ability of Josephine Barstow to convince in slim, boyish disguise.

Miss Barstow not only commands the stamina and pathos of Leonora's role but also shows a new and largely successful determination to make her words intelligible. Best of all is her quite exceptional ability to perform with maximum intensity (not meaning greatest volume, of course) all the time. She is the opposite of that type of prima donna who just jogs along until the moment of "Now comes my aria!" Not a moment is insignificant.

Norman Bailey, shedding the wisdom and patriarchial dignity of Sachs and Wotan, attacks the youthful role of Leonora's avenging brother with fully rounded voice and forceful, sardonic manner. He can actually make something sympathetic of Don Carlos, whose devotion to a rigid code of honour leads him to kill his sister as his last satisfaction on earth.

Tom Swift has not the same natural ease on the stage, and his singing in the elopement scene was awkward in phrasing and declamation. But in Alvaro's later scenes he produced a full and pleasing line. Like Carlo Bergonzi (who may be his model) he disdains that indiscriminate *portamento* or sliding between notes which disfigures the performances of so many Italian tenors and their imitators.

The comic but not caricatured Brother Melitone of Derek Hammond Stroud, who relished the felicities of Tom Hammond's translation, was first-class. Richard Van Allan brought to the role of the Father Guardian his customary firm and noble tone. Susan Daniel was an attractive-looking, animated Preziosilla but lacked strength in lower notes; indeed, her best (topmost) notes were her own, not Verdi's. Sir Charles Groves as conductor supervised a genial rather than exciting performance on Saturday. Even with an extra-large male chorus, the monastery scene failed to overwhelm with grandeur of sound.

As the long evening (four hours, with two intervals) progressed, Mr. Ritch's staging did not flag. His only notable failure is to provide no proper dance at the opening of the inn scene, where Verdi has written music that calls for nothing else. Here the reason is perhaps economic. But I can hardly blame that for the shortage of headgear—military, ecclesiastical, and other—which so often belies history in modern opera productions.

Tunbridge Wells Assembly Hall

The Seraglio by RONALD CRICHTON

Kent Opera's new production of *The Seraglio* (shown to the Press at Tunbridge Wells on Saturday) comes on the heels of Scottish Opera's sanguinary, screwed-up version in Glasgow. Elijah Moshinsky, the producer for Kent, works in what at first sight appears a quite different style from his simple, austere *Peter Grimes* and *Lohengrin* at Covent Garden. His designer, Deirdre Clancy, sets *The Seraglio* in a handsome baroque false proscenium with an inner stage, painted wings, a painted curtain that rolls up and down, distant prospects and—footlights. They are, presumably, electric ones but they throw on the scenery a ravishing, soft candlelight glow for which shadows on the backcloth are a small price to pay.

This is more than an exercise in antiquarian nostalgia. Like all good designers, Miss Clancy has one eye on the period of the piece and the other on present day modes and materials—textiles notably included. Though it fits this conception of The Seraglio well enough, with small adjustments it could serve for almost any baroque opera (say, Handel) with an oriental background. The miscalculations, easy to put right: Constanze's first costume is too tinselly for her music, and Blonde's spectacles (borrowed from Glyndebourne?) flash distractingly in the footlights. Otherwise Miss Clancy is an acquisition, and must be persuaded to give more of her time to opera.

Visual style apart, Mr. Moshinsky's treatment is not so different after all. The acting area is strictly defined, movement and physical gags are kept to a minimum, the chorus is only seen once (a pity, since the costumes are so good). The tone is comedy of manners with serious under currents, desires, and personal vendettas kept well under control. Torture is more a threat than a reality. The chorus sing the finale in the orchestra pit: the couples walk away to freedom, there is no sea, no boat. Pasha Selim is left sadly alone. An effective end, but sentimental—even young producers still seem to have enough of 19th century romanticism in them to jib at 18th century formality.

However pleasing the spectacle, the distinction of this *Seraglio* comes from the orchestral playing under Roger Norrington. This is beautifully light and crisp but also capable of conveying the darker side of the work only hinted at in the production and mostly out of these singers' grasp. Did Kent Opera think long and hard enough about the problem of casting this work? Of the present team only Miriam Bowen as Blonde—agile, firm and dead on her notes, was really up to it. Patricia Reakes has the technique for Constanze's daunting succession of arias but neither the tone for the passionate side of the role nor the ability to phrase cumulatively.

The Belmonte of Neil Jenkins would make an excellent Pedrillo. That amiable character is too lightly sung by Wynford Evans except in his serenade—and there he is allowed to play the last verse for laughs (the opening of Act 3 needs attention—the translator, Michael Irwin, has condensed the text too much at this point). Philip Summerscales, another good but lightweight performer, doesn't come within sight of Osmin's lower notes. Blonde apart, the best performance came from Thomas Lawlor as the regrettably songless Pasha.

Angela Flowers Gallery

John Loker's Landscapes

by WILLIAM PACKER

There is rather more to painting landscape than just sitting in a cornfield, or on a beach, trying to make something of the view; for the eye is given such a mass of material information to comprehend that selection from it, and any subsequent ordering, present many problems, to which the answers can only be drastic and extreme. This has always been so, for it is in the nature of the business; and we have only to look at a Constable or Turner a Van Gogh or Cézanne, to see that whatever truth it is that has thus been realised, it goes far beyond mere verisimilitude.

The artist is free to choose his own terms, and to act upon them at his own discretion: but whatsoever he does is sure to be founded upon his own physical experience and understanding of the world. The myth persists that artists to-day, particularly abstract artists, are in retreat from visual, communicable expression, increasingly withdrawn into themselves, wantonly obscure, when all they have done is simply to extend their scope. They are islands no more than the rest of us, and share the common response to the natural world: and it would be wrong of us to assume, when their expression of that response extends beyond direct depiction, that there has been no intelligible, indeed no intelligent response at all.

John Loker (whose latest paintings are on show at the Angela Flowers Gallery in Soho until April 8) takes the landscape as the source of his imagery clearly enough, usually the long and distant horizons of sea and hill; and yet his subject is quite as much the vocabulary of signs and marks available to the artist; or the procedures by which they may be exploited, both of them fairly standard contemporary preoccupations among painters. His basic images as they appear to us are already at a certain remove from their source in nature, refined to the state of sophisticated ideograms for landscape, perhaps, free, gestural, positively calligraphic. We are close in spirit to the eastern sensibility, in which the means imposes itself and qualifies the end.

John Loker in his studio

These images, or rather suggestions, of landscape are superimposed upon a grid, the scale of which is increased by stages upwards through the work; and so, by the time-honoured trick of squaring-up, they grow by degrees: we zoom in on the detail as the image breaks down into its constituent elements, which seem to fly off in all directions, out of view. The composition, meanwhile, is left to look after itself, determined entirely by the disposition of the original statement, and the programme of grids.

But it would be unwise to make too much of the arbitrariness of this proceeding: chance and order are old obsessions, shared by many artists: and these paintings are far from accidental in their effects. Loker is a fine craftsman, and knows what he is about, his drawing precise, his surfaces exquisitely controlled.

In the end the associations, the references, the primary subjects, re-assert themselves, and we are thrown from painting back into the landscape again, with its gentle shifts of scale matched to how closely we care to look at it, the subtleties of light, colour and atmosphere. We are given an experience that is other than the real thing, but to one side of it and commenting upon it, and, in its own quiet way, equally as real, Loker's paintings are very beautiful, and should be seen.

Elizabeth Hall

Peter Frankl

by DAVID MURRAY

Mr. Frankl's recital on Sunday afternoon was devoted to Schubert, Schumann and Brahms, but it was not a routine affair. For one thing, it displayed the ripely mellow sound he makes at generous length, and that is something which grows steadily upon the listener: warm, mahogany-coloured, middle-heavy, resolutely un-percussive—though his range of expression seems in no way confined by that. For another, the Schumann was a rare find, in fact a local première.

Dubbed for the occasion "Etudes in the form of free variations on a theme by Beethoven," it is not one of the late, bloodless pieces, but an early one which Schumann abandoned before it had acquired a final form. The sequence Frankl offered was drawn from three different drafts of the music, all dating from the early 1830s. The theme in question is that of the slow movement of the Seventh Symphony, and its treatment often pre-echoes the familiar *Etudes Symphoniques*, but there are vivid surprises. One variation is so close to one of the latter *Etudes* (which revolve around a quite different theme) as to suggest that Schumann had the piece in his head before deciding what it was a variation of; two others borrow additional motifs from the "Pastoral" and the Ninth Symphonies, as well as from the Vivace of the Seventh, in authentic 1960s fashion. Frankl expounded them all robustly, though in two or three definition suffered through thick textures.

The programme had opened with the first of Schubert's posthumous Three Pieces D.946, given enterprisingly in the original version with the inserted Andantino — rarely heard perhaps because the return from it to the main section is less effectively contrived than the first return. Frankl's Allegro assai was unusually urgent, doubtless to sharpen the contrasts in this extended draft. After the "new" Schumann came Brahms: the three op. 117 Intermezzi, tremulous and pathos-laden in this performance, and the op. 24 Handel Variations — the variations themselves splendidly strong and imaginative, the closing Fugue a bit dogged (arguably Brahms's fault). Frankl concluded with a sterling account of Schubert's "Wanderer" Fantasy: nothing forced, everything full-bloodedly lyrical, and not a whit less exciting than the standard virtuoso rattle-through.

Awards for Philips

The Grand Prix de l'Academie du Disc Francais 1978 and Grand Prix du Disque have been won by Philips Records for Sibelius *Complete Symphonies* played by the Boston Symphony Orchestra conducted by Colin Davis and the Haydn *Piano Trios* played by the Beaux Arts Trio. The formal presentation of the awards took place in Paris earlier this month.

Conway Hall

Coull String Quartet

by RONALD CRICHTON

The South Place Sunday Concerts continue their admirable work in the Conway Hall, the best for sound (if the most spartan) of London's small chamber-music halls. Admission is still only 50p a head. For the 2,244th concert on Sunday the hall was, I would say, a little over half full with the unmistakable chamber music public that is quieter and concentrates more than any other. For a programme based round a work by a composer so neglected (except by lip-service) as Ernest Bloch, that is not bad. But these concerts ought to be full every time.

Bloch's Second Quartet of 1941 is a solid, four-movement work in a late-romantic idiom that may be strictly keyless but is nevertheless full of passing modal and tonal references—the style is roughly between Debussy and Vaughan Williams, with something of the French master's edge and something of the Englishman's willingness to meditate. There is little if any of the oriental colouring, Jewish or otherwise, to be found in other works by Bloch. The last movement incorporates a passacaglia, a fugue, and an epilogue. The scheme looks like one of those compendium finales beloved of English symphonists, and there comes a moment when one fears Bloch will spin his fugue out too long—but just in time and works skilfully down to an expectedly but not banally quiet epilogue.

The Second was written for the Griller Quartet. One can believe that those idiosyncratic, highly gifted players brought to this music more intensity, more introspection. But the Coull Quartet's vigorous attack and full, wholesome tone brought out a eupeptic side to Bloch not always in evidence and by no means to be overlooked. The strong rhythmic impulse gained notably; this composer's inborn tendency to brood can safely be left to look after itself. It did so, especially in the insistent melancholy of the slow movement. The performance, well worth hearing, was framed by Schubert's op. 125 in E flat, and Schumann's Quartet in F major.

Rupert Foundation Competition for Young Conductors

The Rupert Foundation, established for the benefit of arts, music and conservation has announced that 21 young conductors have now been selected from over a hundred applicants to take part in the fourth international competition to be held during the week of April 3-7.

Candidates from the United States, Germany, Japan, France, Norway, Hungary, Rumania, Denmark, Israel, Czechoslovakia, Yugoslavia, Holland, Chile and five from Great Britain, will compete for a prize of £4,000 and an allowance of up to £500 to cover costs of travelling during the year of the scholarship.

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Raising the dosage

IF A DOCTOR finds that the treatment he has prescribed has produced no improvement in the patient, he will try to find some other remedy. The German and American authorities, with a sad lack of imagination, have simply prescribed a further dose of the same medicine; it is hardly surprising that the markets have decided that the dollar is likely to remain about as sick as before. It is true that there is also the promise that a slightly different formulation is now available in reserve: the Americans have undertaken to borrow on their own account through their IMF drawing rights if they require to, thus shouldering part of the exchange risk. The change has been too small to alter the outlook.

Understanding

It may be that on further reflection holders will decide that since the U.S. authorities are at last committed to some concern about the future of the exchange rate, the dangers have after all been somewhat reduced, and that the currency will remain somewhere near its present level rather than resuming its precipitous decline. Equally the Japanese authorities are now showing some real concern about reducing the size of their current account surplus. Worrying about a problem, however, is no substitute for understanding it, and neither Government has proposed measures which address the real cause of their respective troubles. Meanwhile the consequences are likely to get steadily, though not dramatically, worse.

So far as the dollar is concerned, there is still no sign that the American authorities recognise that exchange rate weakness, which is essentially a monetary problem, can only be cured by measures which involve monetary policy. The balance of payments problem appears to be well understood: it is partly cyclical, and partly structural. Borrowing is an appropriate way to finance a cyclical deficit, and the Carter Administration is trying to tackle some of the structural causes as fast as Congress will allow.

However, central banks are not the only people who can borrow; and it is the attempt to use official borrowing to shield the private sector from the natural consequences of a large deficit—a fairly steep rise in interest rates—which is provoking the large capital movements which have undermined the dollar in the exchange markets.

Until quite recently credit creation in the U.S. banking system was proceeding at such a rate that it was able to finance a growth in the U.S. money supply above the target rate, as well as an outflow across the exchanges of no less than $28bn. in a few months—a flow much larger than the current account deficit in the same period. Recent indicators suggest that credit growth has now been checked, though not halted: the outflow across the exchanges has drained away most of the recent potential growth in the money supply. If this is a trend rather than a statistical accident, and if the Fed allows it to continue, then the market should stabilise itself before long, as private credit demand in a growing U.S. economy drives up interest rates to whatever level is necessary to attract the funds it needs—and incidentally to finance the current deficit.

This helpful result will only follow, however, if the Federal Reserve Board under its new chairman wishes it to do so: in other words, the monetary background will only come right if the Fed realises that when central bank intervention is the rule, and exchange rate stabilisation the aim, then potential money growth, measured through domestic credit, rather than the actual growth of the money supply, is the appropriate yardstick for policy.

Structural

In Tokyo the trouble seems to be pretty much the reverse of that in Washington: the authorities are showing considerable technical fleetness of foot in their monetary and trade measures, and have substantially smoothed the short-term movement of their exchange rate; but they show little sign yet of addressing the difficult structural transformation which will be needed to turn Japan into a good trading neighbour.

The implications of this continued stumbling are forbidding. The trade disruption caused by the dollar's exaggerated decline in the short term, and by Japan's structural dependence on a large trade surplus in the long run, both threaten the same result: protectionism. This threat and its causes, at least as much as any effort to co-ordinate growth policies in a disorderly world, should sit at the top of the agenda for the economic summit.

Dangers of retribution

LAST WEEK-END's raid on Israel by Palestinian commandos and the carnage resulting from it can only be deplored by the civilised world. The guerillas of the Palestine Liberation Organisation may feel themselves justifiably at war with Israel. However, like similar bungled operations in the past, the latest could not in any sense be considered military. Its only tangible consequence was senseless slaughter, mainly of innocent civilians. Moreover, it was undertaken apparently with the blessing of the top leadership at Fatah, the leading PLO group, and probably of Mr. Yassir Arafat, chief of both. The escapade can only damage the Palestinian cause.

PLO frustration

Yet, however shocking the atrocity, even Israelis and their most zealous protagonists should be able to see it in its historical context as another twist in the vicious spiral of violence and hatred for which both Jews and Arabs bear responsibility. Of more immediate importance politically the mounting of the suicidal operation reflects the frustration of the PLO at its exclusion from the negotiating process.

Tactically the PLO has only itself to blame for being on the sidelines. Its tentative moves towards recognising the right of the Jewish state to exist have been ambivalent and hedged with conditions that Israelis could not possibly be expected to accept. Divisions within the movement may, arguably, have made it impossible for the PLO to take a bold initiative like President Anwar Sadat's decision to visit Jerusalem last November. As it it, the effect of the latest Fatah raid will surely mean that not only Mr. Menahem Begin and other hard-liners but also more Israelis will be more intransigent in refusing to contemplate any independent Palestinian entity.

Clearly, the PLO's objectives was to deal a fatal blow to the faltering Israeli-Egyptian negotiations on the eve of Mr. Begin's now postponed visit to Washington. It may have succeeded despite the stated intent by Egypt and Israel that talks should continue. From the point of view of the people of the region, not least the Arab inhabitants of the occupied territories, the timing could not have been worse. It came just as clear divisions over Mr. Begin's fundamentalist line on retaining the West Bank and supporting continued settlement were emerging within the Israeli Cabinet: there is likely now to be a closing of ranks. A few days earlier had seen the significant letter from 300 Israeli Army reservists imploring Mr. Begin to put peace before territory and the decisve action of Mr. Ezer Weizman, Minister of Defence, in halting work on a Gush Emunim settlement.

Israeli warnings

Mr. Begin and Mr. Weizman have both warned of the retribution that will follow the slaughter of Israel's citizens last Saturday. Yet past Israeli retaliation against Palestinian refugee camps and guerilla concentrations have not prevented further terrorist incidents, though the punishment in terms of human life has been far greater. Massive air raids like the ones last November following rocket attacks on Nahariya would certainly make more explosive the already volatile situation in the Lebanon where more than 30,000 Syrian trops are stationed. If President Hafez al Assad felt force to react in some way, a regional conflict could be triggered off. Some people in Israel might actually want such an outcome, destroying the Midd'e East peace initiative and releasing the State from the painful options posed by it. Whilst the desire for revenge may be understandable, the consequences of it could retard for many more years the chances of a peace agreement.

Nationalised industries: the limits to action

BY COLIN JONES

AT LONG LAST, the White Paper on the nationalised industries has almost hacked its way through to the light of day. But whether it will "solve the problem of the nationalised industries" when it does emerge—it is due later this month—is another matter.

That it has been so long coming is no surprise. For the purposes it must serve range far beyond the relatively straightforward task of re-establishing a framework of criteria for investment, pricing and performance in the nationalised sector now that the years of government-induced price restraint are over and several Boards are again making substantial profits.

One task—and a far from easy one because of the opposing strands of thought which have had to be reconciled—has been deciding the Government's attitude to the question of worker representation on the Board in the nationalised sector.

Another has been preparing a reasoned reply to the damaging criticisms of government-nationalised industry relations which the National Economic Development Office made some 16 months ago. Memories of the NEDO report may have faded but the issue needs careful handling for two reasons. First, the study was commissioned by Sir Harold Wilson when he was Prime Minister. Secondly, NEDO's analysis of the problem was widely regarded as valid—the lack of a systematic framework for agreeing on strategy and objectives, which has led to confusion over the roles of Ministers and Boards, made it impossible to assess performance, created discontinuity, and bred "mistrust, widespread resentment, cynicism, and loss of morale among those most closely involved."

Finally — and for some Ministers an increasingly important aspect — the White Paper should serve a wider political purpose. An election is approaching, and the Commons Select Committee's criticisms of Ministers' actions—or inaction—on British Steel and the Waterways Board are still fresh in mind. The White Paper could be of enormous help if it were to put the Government in a position of being able to say: "Look, among other things, we have sorted out the problems of the nationalised industries."

Whether this hope will be satisfied depends upon many factors, including not least the public reactions of the nationalised industry chairmen themselves. Telling criticisms from this quarter would be harder to laugh off than the thrusts of political opponents. But, judging from the way the White Paper appears to be shaping, this particular hurdle should not prove too difficult.

For instance, the Government has rejected the NEDO recommendation which the chairmen disliked most of all — creating a two-tier Board structure for each industry and putting representatives of the main interest groups (management, trade unions, civil servants and customers) on the new top-tier policy-making Board to determine strategy and lay down objectives.

Arm's length method

NEDO believed that continuity of purpose was more likely to be achieved in this way, by the concerted involvement of all interests, than by the traditional arm's length method. As the idea had achieved the notable feat of arousing the united opposition of Ministers, civil servants, and chairmen alike, it was not too hard to turn down.

In another, and more difficult, concession to the chairmen, Ministers agreed that if civil servants are appointed to the existing single-tier boards, along with worker and consumer representatives — as could happen more frequently in future — then they would be regarded as fully responsible board members rather than participating observers. Meanwhile the idea of having a permanent body to conduct "efficiency audits" in the nationalised sector appears to have lost headway.

On the positive side, the White Paper appears likely to focus on three main areas. On the question of "Bullockry," or worker board representation, it will suggest that—as in the private sector—this is a matter best left to negotiation, industry by industry. Those who wish to experiment, such as the Post Office and British Steel, would be free to do so; while those that do not will be under no statutory compulsion—not, at any rate, in the foreseeable future.

On the vexed question of the industries' non-commercial obligations, the White Paper is expected to suggest that Ministers should have the power to issue specific directions and provide suitable financial recompense. If a Board is asked to take a particular course of action which Ministers consider to be in the "wider public interest" but which clearly cuts across the Board's commercial obligations such as ordering a superfluous power station or keeping open an obsolete steel works—then the Board would be given a specific direction. This would be made public, the cost—where possible—would be quantified, and appropriate compensation would be paid.

Finally, on financial targets and related matters, the White Paper will re-affirm, with modifications, most of the procedures which have operated in the past. Cash limits on each Board's external financing requirement year by year will be retained as the main instrument of short-term financial control. For the medium run, a series of financial targets, tailored to the circumstances of each industry, will be re-established and they will be buttressed by a system of performance criteria (an idea which featured in a similar White Paper in 1967 but which had been developed to only a limited extent).

On pricing, the White Paper is expected to state that, while Ministers are bound to be interested in the pricing structure of particular industries, especially those possessing substantial market power, the main way in which they will seek to influence pricing policy will be through the financial targets, leaving the details to be worked out by the industries themselves.

As for investment, each Board will be asked to show that the whole of its annual investment programme is capable of achieving a "required" rate of return. This will overcome the problem of investment which is regarded as inescapable for one reason or another and which has meant that some Boards, notably British Rail and the Post Office, applied the full techniques of investment appraisal method to only a few of their projects.

In short, the White Paper's theme will be evolutionary rather than revolutionary. Trade unionists have already taken their places on the Post Office Board. Neither the appointment of civil servants as board members nor specific directions are novel ideas: powers for both were put in the Act setting up the British National Oil Corporation.

Leonard Burt

Gas Board chairman Sir Denis Rooke, who is also chairman of the Nationalised Industries Chairmen's Group, the body recently set up to represent to Ministers the views of the leaders of State industries.

Extension of power

Concessions will have been made to the chairmen. A concession will have been made to the Bullock lobby, though not so far as to arouse trouble elsewhere. Financial controls will have been restored, indeed tightened. And the Government will have gone some way towards allaying the anxieties of both NEDO and the Select Committee in establishing a framework of specific directions and separate financing for the Board's non-commercial activities.

Indeed, in this respect the White Paper could be said to be more realistic than NEDO. It implicitly recognises not only the inevitability, and even at times the desirability, of Ministerial intervention but also the fact that nothing—not even NEDO's quadripartite policy-making boards—will stop really determined Ministers. That being so, such actions are better flushed into the open and subjected to some kind of financial discipline.

The concept of specific directions was fiercely opposed within Whitehall by those who saw it tying down departments. Some Board chairmen were also against the idea as an extension of Ministerial power. But its merit is that it should help to make clearer the respective responsibilities of Board and Minister.

If the new procedure is adhered to, if the costs of non-commercial activities are quantified (which will not be easy in some cases; for example, price intervention), if the costs are met by grant-in-aid (rather than subsumed in the Board's financial target or in a capital write-off), and if grants are charged to the appropriate departmental vote, then it ought to be easier to assess both the Board's own performance and the cost of pursuing a particular social or political objective.

But, that having been said in the White Paper's favour, one needs consider whether the new framework it proposes will finally solve the nationalised industries' "problem." As NEDO observed, and as the Select Committee has argued down the years, it is not so much the fact that Ministers do intervene but the lack of consistency that breeds confusion. It is the multiplicity of conflicting objectives, the lack of continuity—far more than low pay and the use of Board appointments and pension arrangements as leverage—that generates mistrust and problems of management morale.

One cannot see this being quickly changed, for two reasons: the first is the differing time-scales on which Ministers and the Boards operate. The Boards have to plan for periods extending well beyond the lifetime of a single parliament or government. Yet, when Ministers become involved, decisions are too often dominated by short-term political rather than long-term economic considerations. Indeed, the White Paper itself will bear some of the marks of this.

The second reason why the situation is unlikely to change is that nationalisation has vastly increased Ministers' responsibility as well as their powers. The nationalised industries' role in the economy and their market power as suppliers, buyers, or employers not only arouses political expectations and opportunities but also creates problems which, if they occurred in the private sector, would be known as problems of monopoly control.

Consequences of error

When the original statutes were being drawn up, the new Boards were regarded as something akin to non-profit-making bodies which would know what the public interest is without having to be prompted. Then, a decade or so later, they were told to act commercially and generate more of their own investment finance. But their structure, their statutory duties, and their organisation were not re-fashioned accordingly.

In most cases, a "ring-fence" remained drawn around an entire industry. Decisions on investment and new technology remaind centralised, gravely increasing both the risks and the consequences of error.

They cannot go bust, be taken over, compete for capital, diversify—or even, in many instances, change their organisation without going back to Parliament. Competition may have grown—in transport, between fuels, from imports, or because big industrial users like to double-source—and financial targets may have been set as surrogates for market forces to promote efficiency and guide resource allocation. But what does profitability measure when dominant market power obtains?

In short, the nationalised industries are structured in such a way that Ministerial intervention is not only inevitable but positively desirable, which in turn means that political factors will usually be paramount. If inconsistency of objectives is to be reduced, then logically one has to reduce the need for intervention. If the need for monopoly control by Ministers is to be reduced, then logically there have to be structural changes which extend the disciplines of the market.

It may be argued that the "BP solution," in which State-owned enterprises have to compete for sales, for supplies, and for capital, is politically unacceptable. This is not the case in France, West Germany and other countries where, as NEDO observed, a clear distinction is made between State-owned enterprises with dominant market power, such as utilities, over whom there is close Ministerial oversight, and those operating in a fully competitive climate where market pressures are relied upon to spur efficiency and profitability.

It may be argued that the BP solution is undesirable because State ownership of industry makes it possible for governments to pursue wider political or social objectives. But what long term political objective can there be for nationalised industries other than that they should be efficient and successful? Which is better: to preserve jobs in inefficient or declining industries or to promote jobs in new or growing industries; to lop a few pounds off pensioners' winter electricity bills or to increase their pensions?

Finally, what about Parliamentary accountability? The paradox here is that in the early days Ministers were concerned to protect the nationalised industries from interference by MP's. In recent years, the main concern of the Commons Select Committee on the Nationalised Industries has been to protect the nationalised industries from the wrong sort of intervention by Ministers.

MEN AND MATTERS

German press battle declared

West Germans went to bed last night wondering whether they would wake up to-day with the radical Der Spiegel and the ultra-conservative Springer Press stable still for once in agreement.

This unique occasion has been provoked by West German publishers' attempts to introduce those sleek computers and video terminals of which many of their British counterparts now talk in wistful tones.

All West German papers, whatever their political leanings, are to start a lockout of printing workers at dawn today. A month of "annihilating strikes" has afflicted one paper after another, from the Baltic to the Black Forest. Munich, Wupperthal and Dusseldorf have been the towns worst hit.

A Spiegel spokesman told me last night that 20,000-40,000 printers' jobs are threatened by the new technology. He said that even those managements which have reached agreements with their workers are joining in the lockout.

Is it going to harden printers' resistance or bring them to their knees? "There was no other way," Der Spiegel told me. But the failure of conciliation attempts by Josef Stingl, president of the Federal Agency of Labour, brought much closer last night the prospect of no newspapers at all in West Germany.

How did the management feel about that? I asked one publisher. With cynical insouciance—or whatever its German equivalent may be—he replied: "No problem. I have just had a three-week holiday and did not read a paper once. I have never felt better."

"I'm afraid, Pierre, the latest forecast says we should wait for the second ballot on the border with the engine running!"

Grave question

A market survey of a curious kind is being mounted in the Irish Republic: to discover whether there is any call for cremation. Currently, about 100 bodies a year are sent north to Belfast, but this somewhat macabre export traffic is looked at enviously by Dublin's Glasnevin Cemetary. "We think the number would be doubled, but for the troubles," says a Glasnevin spokesman. "Starting from scratch it would cost us £500,000 to get into the cremation business. Since we have most of the facilities already, it will cost us less than a tenth of that."

One of the attractions for Glasnevin is that it already has 1m. occupants so far and space is running out. Rather surprisingly, I learn that cremation is not a burning issue (if the expression may be spared) among Irish Catholics: the church has no objection to it, even if some priests are hostile to it. So unless the market research is totally discouraging, Glasnevin will go ahead with its innovation. "All these changes are inexorable," said one of its officials in sepulchral tones.

Royal jumble

If you fancy clambering into bed in a pair of King George VI's pyjamas, you should head for Olympia at the end of April, and brace yourself to bid for them against all comers. They may not be the most fashionable pyjamas, but serviceable withal and tastefully adorned with the royal monogram.

The sellers, who happen to be Save the Children Fund, are not saying how they came by His late Majesty's night attire, but declare it to be all above board. The fund is organising a gigantic jumble sale at Olympia and among the unlikely contributions, apart from the pyjamas, are a boxful of hats from Harrods and six tons of unclaimed dry-cleaning. The very diverse goods are currently being assembled in a warehouse loaned by Hays Wharf. Contributors may just take their parcels into any post office, which accepts them free and charges the Fund at a special cut rate.

Jogging on

Has jogging really arrived for City chaps and girls? Trevor Deaves, branch manager of the insurance brokers Berkeley Walbrook, has no doubt about it. Since he spurred all his staff to start running through the dawn, his services as a lecturer have been in demand among insurance companies hoping to follow suit.

Deaves' jogging routine for his 18 insurance consultants and three secretaries won a good ration of publicity back in January. So I thought it time to ask whether it was just a New Year resolution that would prove to falter before the deterrents of snow, rain and hangovers. "Certainly not," replied Deaves. "We are all still jogging. It makes the whole staff very bubbly and much more active."

I asked Deaves whether he thought some of his staff were still running because they had learnt to like it, or from fear of the sack. The idea shocked him—in any case, he had no proof that everyone was still going off in tracksuits before breakfast, but was just sure they were from their bright eyes. As for himself, he is out in Kensington Gardens every morning—"just for half an hour."

Swiss rhythm

Caught out by digital watches, the Swiss are now striking back with an unlikely weapon, feminism. Details of the "Ladyntimate" are shortly to be released in the august chambers of the Swiss Industries' Fair in Basle. It is the watch "that tells a lady more, far more than just the time." Hark to the virtues extolled in a manufacturer's blurb: "Shows your complete feminine rhythm, 'risky' and 'safe' days for love, has a reminding signal 'Take the pill' and counts down for resuming the pill after the pill pause."

Pint puzzler

After a colleague had been served a pint of beer in a Fleet Street pub last Friday, he held the glass up to the light and then told the barmaid that the stuff looked rather cloudy. "It's not that, love," came the reply. "It's condensation inside the glass."

Observer

FINANCIAL TIMES SURVEY

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OVERSEAS CONSTRUCTION

Despite indications of improving home demand, overseas markets tend to offer greater appeal to British construction companies. Many are strongly geared to these markets, but operational conditions can be difficult, and there is often a problem of inadequate financial support.

Ready for future success

by Michael Cassell
Building Correspondent

DESPITE THE first signs that one of the longest and worst recessions ever experienced by the U.K. construction industries may at last have bottomed out, the search for business abroad by contractors and the construction professions seems set to intensify further rather than ease up.

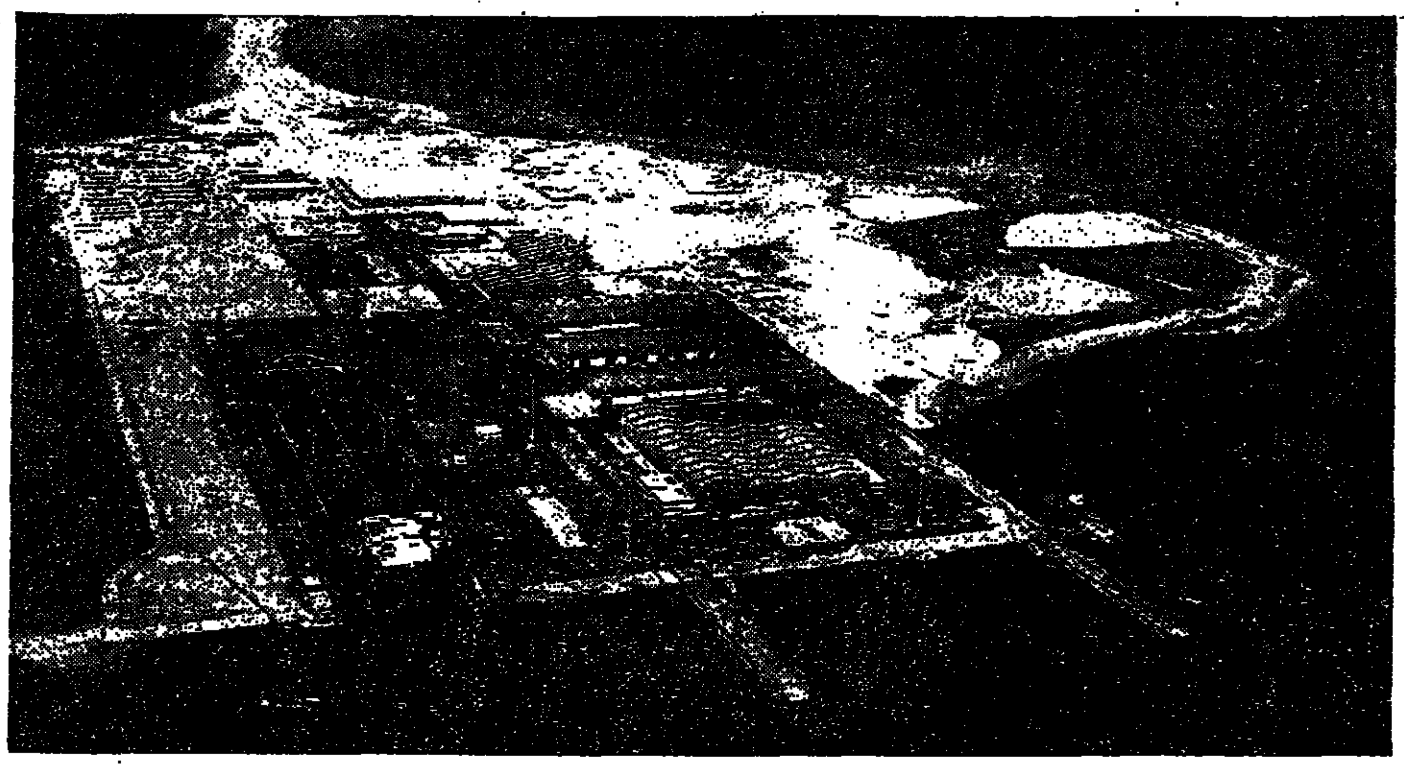
After four years in which construction output in this country has fallen by at least 25 per cent., throwing upwards of a quarter of a million people out of work, there are now indications that the worst is over.

There are no suggestions that an upturn is going to prove anything other than marginal, however, at least in the medium-term, and there are plenty of indications that the revival will in any case be a patchy one, with some areas of construction continuing to offer few chances for new work.

With such a bleak work pattern staring them in the face, the eyes of contractors and consultants are still therefore firmly fixed on markets further away from home, where each pound may well be more difficult to earn but where there is at least the promise of continuing business.

A glance at the annual report of any of the building and civil engineering "majors" will clearly underline the growing dependence on such operations for overseas work. Foreign business is eagerly sought and the reports show that contracts beyond the U.K.'s shores have been representing a steadily increasing proportion of turnover and profits.

The extent to which a contractors' reliance on overseas work should go has been the subject of lengthy debate and not a little criticism, with some companies now finding 80 per cent. or more of their business outside the U.K. Their activities have in many cases turned the "strong home base" concept on its head, but with such a lack of suitable domestic work available—particularly for the civil engineers—they have really had no other option.



The dry dock at the Arab Shipbuilding and Repair Yard, Bahrain, which involved several British and foreign construction companies.

Value

The impact of the construction industries' efforts abroad can be gauged by the official statistics on their performance compiled by the Government.

No figures for the financial year just ending will be available until much later in the year but they seem certain to show another improvement over the achievements recorded in 1976-77.

In that year, overseas earnings for the construction sector were over £2bn., an increase of £500m. on the previous 12 months. The total was made up of £320m. from contractors, about £250m. from the professions and about £1.45bn. for exporting building materials, plant and machinery.

As Mr. Reg Freeson, Minister for Housing and Construction, recently pointed out, the figures represented about five and a half per cent. of the value of the country's total exports.

At the beginning of this year, British consulting engineers alone were responsible for over £30bn. of overseas construction work. The total construction contribution to "invisible earnings" is significant and in 1976-77 represented no less than 25 per cent. of the favourable "invisibles" balance.

But although the current year's performance is expected to show even greater strides forward and the Government has openly praised the efforts now being made by contractors, consultants and material suppliers abroad, it is accepted that the full scope for exploiting business opportunities overseas has certainly not been realised.

It is clear that the volume of overseas work could still be substantially increased, either through greater involvement by existing participants in foreign markets or by the arrival of new operators. But the decision to go abroad is not an easy one to take and could certainly lead a company into serious difficulties if it is approached on the basis of a "last chance" manoeuvre to keep it functioning.

As recent events have emphasised, even the largest and most experienced contracting operations can run into major problems in foreign markets, where conditions—from the temperament of the client to that of the climate—can demand a fundamental change in approach and skills.

The medium-sized contractor now considering working abroad cannot have his confidence strengthened when he observes the difficulties into which some of his larger counterparts have fallen.

The well-publicised troubles of Tarmac in Nigeria exposed the dangers of working in a market where accepted contract terms can be changed almost without notice. Some overseas clients—in the Middle East particularly—also have something of a predeliction for changing their ideas about what they want long after construction work has started. They do not, however, often change their minds about the price.

Rumours currently abound that one major U.K. civil engineer is considering pulling out altogether from a foreign market in which it has been involved for many years because, at the end of the day, the return has not proved to be worth the effort.

The newcomer certainly faces something of an uphill struggle in most markets. He may, in the first place, have to spend considerable sums of money in simply establishing his presence in the place he wishes to do business and can then expect to follow that up with the expensive business of tendering for work, without any guarantee that he will be successful.

Pre-tendering activities can represent a major financial burden for the largest contracting and consultancy businesses and the resources of a small operator will almost certainly be too limited to allow anything other than the smallest outlay of risk capital.

Another major problem confronting the contracting operation which is venturing abroad for the first time is one of co-operation from the banks. There has been considerable criticism from within the industry that the U.K. banks have shown themselves over-cautious in extending their financing and guarantee facilities to companies wishing to tackle overseas work.

It is not too difficult to see why, in many cases, the banks are reluctant to become involved. But some of the foreign banks based in London, notably the American ones, have been picking up sound business in the wake of the British bankers' reticence.

The bankers' responsibility to the contractor is apparently where most problems exist and it is clear that some bankers simply do not understand the construction industry or the nature of some of the markets in which the contractors have to work, notably those in the Middle East.

As a result, there is evidence to suggest that solid contracting operations have found it unjustifiably difficult to obtain the banks' help, particularly in the field of performance guarantees. As one U.S. banker said recently: "Some bankers still have to learn that the basic risk of guarantees lies in the competence of the contractor and not in the contractors' ability to cover potential calls on guarantees—an unlikely event in any case—with his assets."

The same banker also made the point that many of his fraternity were guilty of errors of generalisation. They often, he claimed, applied analysis techniques to contractors which were only valid for manufacturing concerns. "Formula lending," such as total facilities extended being equal to a multiple of net worth and so forth, did a disservice to contractor clients

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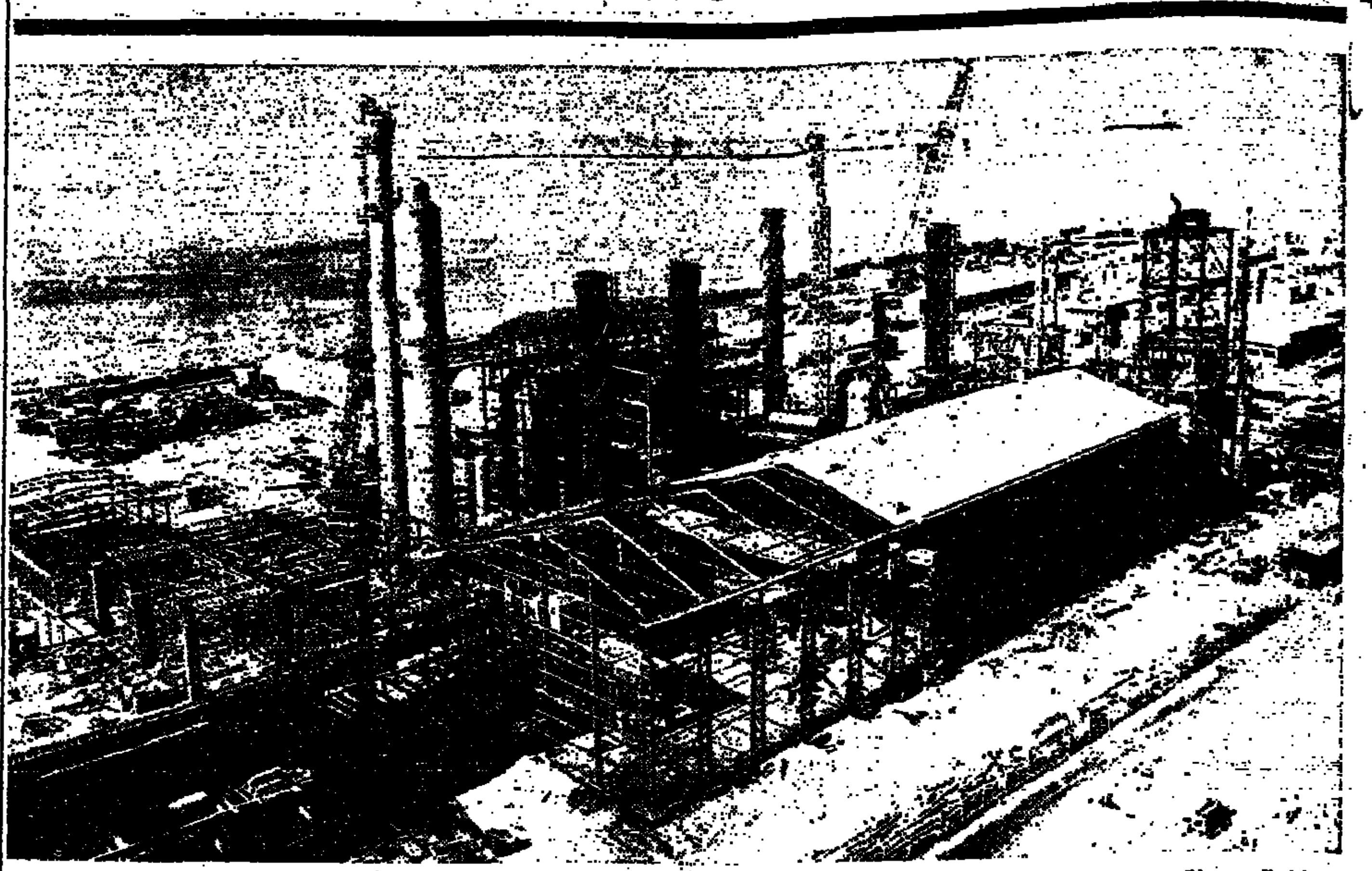
OVERSEAS CONSTRUCTION II



The compressor house under construction for the Qatar Fertiliser Company's ammonia plant at Umm Said, which is being built by Costain Process Engineering and Construction.

Worries behind contract terms

THE MIDDLE East has been a boom region for construction companies ever since the oil price explosion in 1973. But companies wishing to operate in this area have found competition tough. They have also discovered that contract conditions are just as tough—the imposition of on-demand performance bonds.

There has been a lot of publicity in this country concerning these bonds, based on two court cases in which payment has been in dispute. The situation, however, needs to be put into perspective before making a rational judgment on the need for often harsh terms.

The basic types of guarantee required from contractors fall into four categories, each relating to the successive stages in the project. There are definite reasons why each of the guarantees is required. The first is a bid guarantee given when a contractor submits his bid. This guarantee is designed to ensure that those who bid for a project are serious in their interest. Most guarantees are for 1-5 per cent. of the bid value.

Then come the performance guarantees given by a contractor at the start of a project. This is the main guarantee and its purpose is to ensure that the contractor will complete the project in the manner expected. Should performance fail for any reason, then the guarantee can be called. The value is normally between 5 and 10 per cent. of the contract value, sufficient to cover any potential losses.

Advance payments to the contractor enables him to speed up work on the project and in several cases advanced payments are forthcoming providing there are adequate guarantees to ensure the repayment of an advance in the event of default. Finally, there is a retention money guarantee, which operates during the maintenance period after the contract is complete. It enables the contractor to receive his money rather than having part of the payment held up until the maintainance period has elapsed. Most Middle Eastern contracts have a period of one year during which performance and retention guarantees remain outstanding in order to protect against latent defects which may not be evident at completion.

No contractor, whatever his size, could put up the cash for these guarantees. It would be far to big a drain on his cash flow. He has to use the services of an international bank which will make the guarantee for him in a form acceptable by the principal in the country concerned. Then, should the guarantee be called, the bank will pay the principal and reclaim from the contractor. The growth in such guarantee business has been phenomenal and bankers have had to develop a controlled risk strategy in relation to the guarantees in their portfolio.

Guarantees

The trouble has arisen because the principals in the Middle East countries have insisted that the guarantees are enforceable on demand. There is no argument, no discussion and certainly no arbitration. Such action is not really without any precedent. Contractors are used to falling back on arbitration in the event of a dispute on whether the contract terms have been fulfilled. The philosophy in the Middle East is that the principal knows what he wants from the contract and therefore he decides whether or not the contract terms have been fulfilled. Such action is certainly simple, quick and effective from the principals viewpoint.

But there is the fear that these bonds will be called unfairly. If the principal needs some cash then all he has to do is call in a guarantee. It is very much a political risk in many ways. Then the contractor may well feel that he has lost the basic right to defend what he has done, to defend his contention that he has fulfilled his contract terms.

The crux of the two cases last year — the Harbottle case and the Owen case — was that the banks should not have paid out under the guarantees because it was contended that the terms of the *contract had not been* broken. The judgment was that this did not apply. The guarantees could simply be called in and when they were the banks had to comply.

If unfair calling was widespread then nobody would be prepared to operate in this area. But companies are still competing very keenly for business. The number of cases of calling in of guarantees has been relatively small. The principals have not abused the system and would be affronted to even have it implied that this was a possibility. Nevertheless, U.K. contractors have found themselves being priced out in tendering for contracts, and one reason given is that the premiums required to insure against this risk, which are added to the price of the tender, are extremely high — simply because the potential risk is there.

What can be done about the situation? Well in the first place the contractor can tighten up his controls to ensure that he does keep to the contract terms. He needs to assess the risks involved in operating in this area very carefully. He has to adapt his working conditions to the local environment not operate here as he operates in others parts of the world. His principals will not normally accept excuses for failure to comply with contract conditions. In other words, the contractor has to do his homework thoroughly before embarking on tendering.

Having got the contract, the contractor needs to keep a close control over the operations and always in touch with his principals. The bank putting up the guarantees will be more than willing to help out in various means to ensure that the contract conditions are met. In practice, the imposition of on demand bonds means tight control from the start by both the contractor and the banks.

Even so many contractors feel that the political risk, in its widest sense, of these bonds hangs like a Sword of Damocles over their heads. They could be in financial trouble if one is called unless they have a wide spread of business. But with some large contracts, the contractor has too many eggs in one basket and feels happier if he can insure against this *unfair calling*.

Now this type of political risk insurance is quite separate from the main contractors all-risk insurance that he will carry on the project. There are only one or two insurance brokers that have made a speciality of arranging cover for political risk insurance, either through the Government agency ECGD or through Lloyd's. It is indeed a very specialised market, and until recently one that has been rather overlooked. Now not surprisingly it is growing steadily, although without much fuss or publicity.

The other alternative is to endeavour to have some of these harsh penalties relaxed by the principals, to get some form of fairness, from the contractor's viewpoint, into the guarantees and bonds put up. If the principal is the national government then the chances of this happening are remote while there is still keen competition for the contracts and a desire to get established in the area.

But there is hope that further down the scale, principals will accept bonds and guarantees which are less harsh in operation. Mr. Victor Fowler, the managing director of the Credit and Guarantee Insurance Company, speaking at the Arab Insurance Conference '77 held in London in the autumn, advocated the use of supplier default insurance as an alternative to on-demand bonds. This type of insurance, which Credit and Guarantee market vigorously provides an indemnity to the customer against the consequential loss on the part of the contractor defaulting on his contract.

In the event of a dispute, however, provision is made for arbitration that is binding on both parties. The arbitration provisions are fairly straightforward, being held in the country concerned, not the U.K. Mr. Fowler reports that considerable interest has been shown in this type of insurance. It allays the fears of an arbitary calling of bonds, while still providing the principal with financial reimbursement should the contract not be completed satisfactorily. But whether it will get general acceptance is another matter.

Eric Short

Success

CONTINUED FROM PREVIOUS PAGE

and also increased the banks' risk of bad credits from a weak company which accidentally fitted the formula.

With competition in the developing markets now becoming even more intense, the contractor vying for business needs as little hindrance and as much help as he can get if he is to be successful. There is a fairly common assumption, that, in back-up services and Government support, the U.K. construction industries do not perhaps fare as well as some of their competitors, despite the vocal encouragement afforded them by Ministers. Apart from moves to update Government financial services available and to provide tax incentives for those directly involved in the export effort, recent attempts have been made to co-ordinate the efforts of design-contracting operations in this country and to create a better climate within which they might export more effectively. To this end, the Government established in 1975 the Construction Exports Advisory Board whose job it was to bring together the main sectors of the industry and the professions concerned and to assist them in winning overseas business. Much of its work was centred on improving the scope and quality of market intelligence available to the industry, of establishing a construction "tank" into which information could be put and from which it could be taken.

The Board has now, however, been wound up and its work is to be taken on by the Overseas Projects Board of the British Overseas Trade Board and the National Consultative Council Working Group on Exports. The CEAB's work, said Peter Shore, Secretary for the Environment, had been largely completed.

Suggestion

The Board's existence was in some respects always an uneasy one, with the ever-present suggestion that it was treading on other people's toes—an attitude which would not be shared among competitors drawn from other nations, where the benefits of a united effort are more readily appreciated.

Whether the politics of the situation overcame the Board or whether it has indeed left behind it a collection of industries better structed to meet the overseas challenge is not yet clear. There is no question, however, that future co-operation, from the widest type of intelligence operation to working joint ventures, will be necessary if the U.K. overseas effort in contracting and consulting is to grow even more successful.

Counter-drive in Britain

AT THE SAME time as British companies are actively seeking to increase their exports and overseas work it is sometimes forgotten that their foreign counterparts are seeking to do exactly the same in Britain. And although the U.K. market, like that of most industrialised countries, is a difficult one to penetrate—especially in times of recession—any upturn will be eagerly awaited by some foreign companies, particularly those in the building materials and equipment field.

Not only does overseas work provide foreign currency; it also makes a significant contribution towards any nation's balance of payments. In addition, construction work overseas can act as an important stimulus for exports of plant, equipment and all the necessary materials.

The international contracting scene has been dominated until fairly recently by companies from North America and Europe. Lately, however, some newcomers like the Japanese and South Koreans have been making considerable inroads and are fast becoming a significant force.

Recently, for example, the British Woodworking Federation attacked wooden door imports from Taiwan. Taiwanese doors have been coming into Britain at the rate of 1m. a year, equal to about 15 per cent. of U.K. production. What annoys the U.K. doormakers especially is that with the housing and construction industry depressed one of the real growth areas is in home improvements.

South Korea itself is hopeful of earning about £2bn. in construction jobs abroad this year. The Koreans' strong selling point is their ability to bring thousands of their own skilled workers to overseas construction sites. This gives them a competitive edge over American, European and Japanese companies which can deploy only engineers and foremen in most cases.

Official figures show that out of 6,800 Koreans working in construction projects abroad at the end of January 4,700 were in the Middle East. Exporting construction experience as well as labour is a trade quite new to South Koreans, who obtained their first international experience in South-East Asia only a decade ago.

Well over 30 South Korean contractors operate abroad, in sharp contrast to the position a decade ago. Their efforts have been greatly assisted by a Government which has put its full financial weight behind the export drive.

Newcomers

The arrival of the Koreans is ample proof that there is still room for newcomers—a view to which the Russians, now in Iraq, would clearly subscribe. Nearer home, one of the best known companies operating in the U.K. is the Dutch Stevin Group, which has five companies in Britain and plans to eventually go public in this country.

Stevin has a turnover of £363m. and experience of working in over 40 countries. It is one of the top four international pipeline companies in Holland and is also involved in dredging and reclamation, civil engineering, road building and housing.

One of Stevin's U.K. companies is the Nash Dredging and Reclamation Company based at Guildford, Surrey.

At the moment, for example, Nash is working on the Group's Beverwijk Five, claimed to be one of the most powerful bucket dredgers in the world, on harbour extensions just south of the Arctic Circle. The contract, which started in 1975 and will run until 1978, is worth over £12m.

The company is also deepening Peterhead harbour so that it can take giant oil tankers. This involves dredging to 50 feet below the water line.

Another Stevin company in the U.K., Harbour and General Works, is a specialist civil engineering company concentrating on marine works and concrete structures. Clients include British Rail, British Steel, Shell and ICI as well as the Department of Environment and a wide range of local authorities.

While Stevin and other companies have had considerable success in the U.K. market, some engineering companies involved in manufacturing process plant equipment for the construction industry have become concerned at the growing number of orders lost to overseas manufacturers.

The Process Plant Association says that last year up to £17m. of equipment had been ordered from abroad for U.K. projects.

Apart from the plant makers losing opportunities, the British Steel Corporation also suffers because foreign steel is being used. Many of the plant makers are quite sure that they are losing orders simply because of the prices quoted. Some of the foreign tenders have been 30 to 50 per cent. below those quoted by British companies. In fabrication half the total cost may be in raw materials, so the question remains as to how such quotations can be made. The answer, according to the Association, is that some foreign companies are effectively buying work by taking contracts at cut prices to cover overheads and keep their labour force together.

The Association has alleged, in a letter to Mr. Eric Varley, Industry Secretary, that "in many cases the foreign companies are receiving assistance in various forms from their respective governments to assist them in exporting." The plant makers argue that any overseas company accepting a contract at below cost price is as guilty of dumping as any producer of a product sold at below the market price.

One of the reasons for the plant makers' concern at the size of foreign orders has been the recession in the U.K. economy. The Association had expected spending on process plant hardware to rise by 6 per cent. in real terms in the current year compared with last year. But it now seems likely that the growth will be nearer 3 to 4 per cent.

David Churchill

The 1MW diesel power station at Birkat al Mawz, Oman, one of 19 built by Hawker Siddeley Power Engineering under a £17m. contract.

U.K. presence abroad

BRITAIN RANKS among the top two or three in the league table of nations successfully competing beyond their own boundaries for building and civil engineering work.

It is a position which has been held for years, and which was originally sparked off in the wake of the U.K.'s colonial expansion and continued thereafter because of world-wide approval of the depth and breadth of British construction skills.

The U.K.'s ranking, however, has never been under greater pressure than it is now and it will require a monumental effort—demanding full Government support—to ensure that British builders and civil engineers continue to attract the volume of worthwhile business which has come their way in the past few years.

All industrialised nations have been struggling under the strains of economic recession, which have left their construction sectors underutilised and fundamentally weak.

The result has been ruthless competition and almost every pound now earned overseas by the U.K. construction industries has been taken after a fight.

Any discussion about construction in overseas markets inevitably centres on the Middle East and at the risk of repeating facts which are already well known, the U.K. has been achieving considerable success in the region.

High profits have been achieved by some U.K. contractors in the oil-rich states, although margins are now coming under considerable pressure with the arrival of competitors prepared to under-bid anyone and any price to win work. If there is any compensation, it might be that the risks involved are now apparently reducing.

The names of U.K. contractors operating in the Middle East are by now well known and include most companies of any reasonable size. Names like Costain, Taylor Woodrow, Tarmac, Wimpey, Sunley, McAlpine, Laing and Mowlem have been joined by newcomers like Bryant, Higgs and Hill and Robert Douglas, while on the materials supply side companies like UBM, Redland, London Brick, APCM and Marley pursue overseas sales policies—either through direct export or local purchasing and manufacturing.

But while the Middle East may be a major talking point, the U.K.'s overseas successes in the construction world are much broader. The last official statistics from the Department of the Environment showed, in fact, that of all the new contracts obtained in the year ending last April, just over half came from outside the Middle East markets.

Even more significantly, there is overwhelming evidence to suggest that the overseas effort is not being confined to the largest builders and civil engineers. Although big contractors with well-established overseas interests continue to dominate the markets, smaller companies and those without any previous experience beyond the U.K. are making considerable strides.

The DOE said that, last year, of the 100 or so contractors which won new work abroad, nearly one fifth were new to export work. The share of the total value of new contracts taken by companies from outside the "top twenty" went up to nearly 30 per cent. from only 5 per cent. the previous year.

Doubts

The U.K. presence spans the world, with interests particularly evident in parts of Africa—notably Nigeria, where there are now serious doubts about the market's profitability—the Far East and Australasia, as well as South America.

Contractors have traditionally not done too well in markets closer to home, such as European countries, where the level of skills and expertise available is broadly equivalent to anything the British can offer. There are notable exceptions, such as Bovis.

The same problem of penetration exists in the U.S., where participation by foreign contractors is still fairly unusual. At least one major U.K. civil engineering company, however, has a success tale to tell about its activities in the U.S.

When in 1973 the U.K. housing market began showing signs of the coming recession, Taylor Woodrow Homes began casting its net wider and its gaze settled on the U.S., a market where it had operated before but where it had been inactive for some time. Taylor Woodrow found Sarasota, in Florida, a fast-growing town with good communications and an even better climate, which the company believed was ripe for luxury housing development.

About 1,300 acres of land were purchased and development began on what the company describes as "a little new town," offering all the facilities of a recreational resort.

When complete, about half the total acreage will be for housing, with the remaining land being used to provide a golf course, lakes, a village centre, equestrian facilities and a recreation centre. Most of the housing development is being carried out by U.S. builders and so far over 500 of the plots—there are nearly 4,000 in all—have been sold. Over a dozen developers are already involved.

Taylor Woodrow has set itself a 13-year selling programme and says it is now on target. Encouraged by its Florida experiences, the company has acquired over 400 acres of development land in various parts of Southern California. Taylor Woodrow intends to do some of the building itself but will also act again as a developer in some cases.

The move represents a refreshingly new slant on the overseas contracting - developing scene. Until now, few housebuilders from the U.K. have contemplated working overseas — industrialised specialists being the exception—but there is little doubt that if this type of busness can be won in a tough market like the U.S., the opportunities elsewhere may be good.

The industrialised house system builders in particular have the chance to capitalise on the need for large numbers of relatively cheap homes.

Selleck Nicholls Williams, the building division of English China Clays has been puting up its homes in the Caribbean, a far cry from its Cornwall base, while London Brick Buildings has formed a joint venture company in Nigeria to sell, among other things, low-cost housing.

Operations like these can in one sense quickly be discounted alongside the mammoth, multi-million pound projects in which some of their colleagues are involved. But while much of the attention might be focused on the huge civil engineering challenges confronting companies like Tarmac—building a tunnel under the Suez Canal or Marples Ridgeway—facing the rigours of the Iran desert to build a 300 km. highway, the smaller scale contribution is equally essential from the point of view of overall national effort.

It is the type of effort which the Government is anxious to see reflected many times over by companies which until now might have imagined that overseas markets were too hazardous to tackle.

There are grounds for suggesting, though, that if the Government wishes to help the small exporting operation—in construction or materials supply or any other industry—it should consider ways of encouraging them to step up overseas sales. Measures introduced so far to help exporting operations still compare badly with the concessions available in some competing countries.

Michael Cassell

Consultants earn success

A MEASURE OF the success of British consultants working overseas is that this year they are expected to add about £350m. in fees towards the British balance of payments—an increase of some £50m. over the previous year.

Moreover, latest figures on the value of capital projects handled by consulting engineers alone reveals an increase over the past year from £25bn. to £31.7bn.

These figures amply illustrate the importance of consultancy work in the international market, an importance that is sometimes forgotten when the large contractors grab the headlines over massive construction projects in a developing country.

British consultants are currently involved in such projects as a £628m. port in Saudi Arabia, an £85m. highway in the Philippines, or an £80m. power station in Venezuela: in fact, there can hardly be any country in the world where a British consultant is not actively involved in a major construction project. And the success of these consultants has earned a reputation for integrity and ability that is said to be the envy of consultants in other countries.

But such a reputation has usually been earned the hard way. The experience of Mr. Alan Grant, detailed in a recent book called "Consulting Overseas" by Robert Bidgood, shows the problems to be found, especially in the Middle East.

The firm of Alan Grant and Partners had decided to expand in the Middle East and had heard of an opportunity in Abu Dhabi. After three weeks of negotiation with the then ruler—described as "three hard, frustrating, infuriating, nail-biting weeks"—a contract was eventually signed.

"We had started off with a 12-page agreement," remembers Mr. Grant. "We ended up with a single page in Arabic with a spidery signature on the bottom. The original contract was for work to a value of about £5m. but work was eventually carried out under the same document to a value of about £30m. Our problems had just begun."

Flexible

Based on his experience in the Middle East, Mr. Grant concludes: "The less sophisticated the country, the more flexible must one's approach be. The ruler of some newly-rich patch of desert will want to buy a new deep-water harbour just as he buys a new Cadillac. He won't want to sign an Association of Consulting Engineers form of contract. But in a country such as Iran, their systems of contract awarding are as sophisticated as our own. It wil do one no good in such a country to try to compete with the local architects and engineers. The sensible approach is to team up with a suitable firm and apply for work on a joint basis."

Other experts in the consultancy field overseas echo these views. Consultants working overseas should be aware of the degree of competition involved, sometimes of a rough and none too ethical nature not usually experienced in the U.K. Not only do competitors from other countries openly sell their services in a manner described as alien to the professional standards of the British consultant, but it is almost impossible to know the extent to which others are being sponsored. This can take the form of direct Government assistance, either of a monetary, political, or diplomatic nature, to personal pressure on the parties involved.

Payment can also be a problem. A change of Government, for example, in a politically unstable country, between the award and the completion of the commission could lead to a refusal to honour previous obligations.

Selection of the correct level of technology is also important. Consultants have to take advantage of what capital equipment is available in the country concerned and what must be added to produce the best method of implementation.

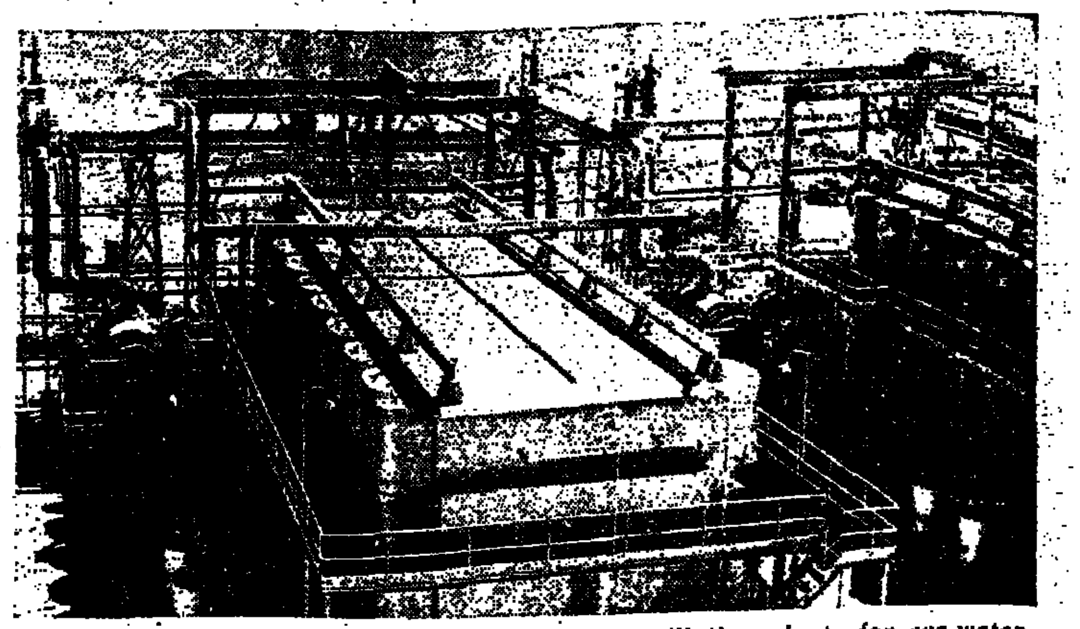
The problems of staff engaged for overseas work should also not be overlooked. An engineer who is thorougly competent in a London office may, after a few months in the Middle East, turn into a dithering wreck. Thus it is vital to chose a member of staff for his personal characteristics as well as ability.

There are, of course, many other problems confronting the consultant overseas. These include variations in planning and building regulations, documentation, tendering procedures, and the thorny old question of fees.

Not surprisingly, in a sector as lucrative and important as overseas consultantcy and construction, there are many sources of help. One of the main sources is the British Consultants Bureau, a non-profit making multi-professional body set up in 1975. The Bureau's aim is to promote British consultancy services, particularly those of its 200 member firms, in all overseas countries.

This is carried out in two ways. Within the U.K., the Bureau represents members' interests in acting as a pressure group with Government over such issues as taxation, exchange control, and financial support. Its second function is overseas promotion with day to day advice and documentation.

A recent development aimed at strengthening the involvement between members and outside bodies has been the setting up of working groups in each major sector, such as public health, planning and buildings, energy, and finance.



Weir Westgarth built this and two other flash distillation plants for sea-water desalination, at Shuaiba in Kuwait.

The opportunity to improve contacts is one of the major attractions of the Bureau as it arranges meetings with British high commissioners and ambassadors and incoming delegations from overseas countries. Other meetings are arranged with British aid officials and with representatives of international, regional and country funding agencies.

Although acknowledging the competition between member firms, the Bureau points out that it has never been known for a member with long experience in a given country to turn down a request to brief another member "going in cold."

One of the Bureau's most notable successes has been the publication of a directory of consultants who are members of the Bureau. This is in great demand overseas and treated virtually as a bible by many Government officials in foreign countries.

Another source of help is the Building Materials Export Group which promotes building material products overseas. The Group last year allowed consulting engineers and other professional firms to apply for associate membership.

The Group is a channel through which buyers abroad can locate supplies of all kinds of materials, components and fittings and is thus useful to the consultant in estimating the potential resources available to complete a commission.

The Export Group for the Constructional Industries is another organisation of benefit to the consultant. The Export Group provides members twice-weekly with details of projects overseas, offers of services, foreign contractors seeking joint ventures with British companies and any relevant information.

It maintains comprehensive files on countries and advises on such questions as exchange control, taxation, tendering, contracts and labour legislation. Information on living conditions for expatriates is also available.

Background notes and lists of consultants and contractors working in particular countries are available as the Group is frequently approached by consultants and potential employers seeking guidance.

While the problems of consultancy operations overseas may seem immense at first sight, the range of help available means that the major pitfalls should be avoided. And consultants who have worked overseas point out that there are many advantages to foreign working, not least the challenge and range of work which is not often found in the U.K.

David Churchill

Growing influence of Far East companies

UNTIL RECENTLY, the international contracting scene had been dominated by building and civil engineering organisations from Europe and the United States.

Contractors from these geographical areas have built up technical and commercial knowledge in their home markets over many years and naturally extended their operations to those parts of the world where demand is high but where expertise is often thin on the ground.

Their overseas activities have been seen as an essential part of their expansion in an industry where demand can fluctuate violently and in which it makes sound common sense to establish as broadly based an operation as is possible.

The contractors' foreign-based work has also generated large volumes of business for the "support" industries, such as plant and equipment manufacturers, as well as the building material producers. Also in their wake has come an army of designers and consultants who have been able to sell their own skills as a fundamental part of the total construction package.

The international construction market has never been a quiet pond in which to float, and competition for work has generally always been tough. But within the last four or five years the established contractors have had to come to terms with a new element of competition which has already achieved considerable success in taking away from them some of the business which they might normally have expected to receive themselves.

The challenge has come from the Far East; from the Philippines, Japan and South Korea, and there is every indication that their encroachment into what was largely the preserve of the Americans and some of the Europeans is sat to become a permanent feature of the international civil engineering scene.

Strange names like Hyundai, Daelim, Dong AH and Yulsan are now appearing on site boards in an ever growing number of locations around the world, particularly in the Middle East. They are the names of South Korean contracting operations which have rapidly established for themselves the facility to be able to offer as wide a range of contracting skills—from the capability to erect power plants and petroleum refineries to houses and tunnels—as almost any of the competitors.

The South Koreans, often working as a combined force under the banner of the Korea Overseas Construction Corporation, now operate in Saudi Arabia, Iran, Kuwait, Qatar, Brunei, Indonesia, Singapore, Malaysia, Hong Kong and Bangladesh.

Their early successes were built on their ability to marshall large labour forces together and to organise them on site in an efficient and military style. Cheap labour was undoubtedly a major factor in their initial contract gains, although there was undoubtedly an element of "buying" work at one stage, with tenders going in at anything up to 25 per cent. less than those of any competitors.

That situation no longer appears to be the case and contracts are going to the Koreans on which they intend to make suitable profits. Their cause may well have been helped, particularly in the Middle East, by recent rejections of what have been described by clients as over inflated bids by some Western and Japanese contractors.

There are now over 30 South Korean contracting operations working abroad whereas there were none just ten years ago. Neither is the type of work being undertaken by them simply labour intensive—building roads, housing and ports.

A contract now underway involving the electrification of a Saudi province is ample proof that the higher-technology work will no longer necessarily find its way into the hands of the Japanese, Americans or Europeans.

No-one is suggesting, however, that the construction world is going to be overrun by the Koreans or that the total international market isn't large enough for everyone to win a share if they try hard enough.

The United States seems set to continue to dominate many areas of the global market. Their involvement is worldwide, with single contracting companies handling work worth more than the combined value of all the contracts held by contractors from any other one nation. Estimates suggest that in the Middle East alone, the U.S. construction industry is now winning well in excess of £7bn. a year.

The U.S. can offer not only the best in contracting skills but a full range of consulting, designing, engineering and construction services to match any in the world.

Among the major names in the U.S. contracting army are Bechtel, which as a design consultant has become a specialist in putting together enormous packages, like Algeria's natural gas plants complex. Other names include Fluor, Ralph Parsons and Brown and Root.

Participants

Away from the U.S., many of the other big construction enterprises come from Europe, principally the U.K., Germany, France, Italy and Holland. Other, less obvious participants are also expanding into the international scene, such as the Yugoslavs. Energoproject, for example, one of the world's largest contracting companies, works throughout the world and has recently won a Kuwait Government contract for a Ministries complex valued at no less than £98m. The contract was obtained in competition with nine other international contractors, a measure of the fight which any company now faces if he expects to win big contracts.

Closer to home, the Dutch continue to pick up large volumes of business, especially in the Middle East and, in particular, in the marine engineering sector. Stevin, one of Holland's major contractors which ranks alongside names like Bos Kalis, HBG and OGEM-Nederhorst, is heavily committed overseas.

The Group, which recently discovered that one man had purchased a 40 per cent. stake in it, is working throughout the Middle East and is currently engaged on a contract which forms the preliminaries for one of the most imaginative schemes yet to come from that region.

Intersite, part of the Stevin Group and an international geotechnical and survey organisation which works on land and at sea, is currently conducting investigations to help establish the feasibility of 24km., four-lane causeway to link Saudi Arabia and Bahrain.

The investigation alone represents a £1m. contract and the civil engineering contract itself could mean up to £500m. of work for someone or some consortium. The causeway would have an enormous impact on the region. At present all traffic between Saudi and Bahrain goes by air or sea at the rate of 500 passengers and 200 tons of goods a day.

For the moment, however, the soil conditions under the Gulf are the big question mark hanging over the project and the Dutch are hoping to come up with most of the answers.

Holland's neighbours also have a good record for winning overseas contracts. The West Germans, in fact, have been running second in a somewhat unofficial table of new overseas contracts awards, with companies like Holzmann and Hochtief winning large volumes of business abroad, particularly in the African states, such as Algeria, Nigeria, Sierra Leone and South Africa. The Germans have also been joined in Africa by the Italians, who have gone further afield as well to the developing nations in Asia and South Africa.

M.C.

هكذا من الأجيال

Lure of the Middle East

[T]HEORY making a lot of run[nin]g in the last year or so is [tha]t the construction world's [big]gest-ever bonanza — the [ma]rkets of the oil-rich Middle [Ea]st — is now all but over.

[E]xpenditure levels, goes the [the]ory, have been sharply [tri]nned back and most of the [ma]jor contracts have been let. [Wh]at is left is subject to fierce [com]petition and is, in any case, [har]dly worth the expensive and [tim]e-consuming effort involved [in] chasing it. In addition, there [is] no room for newcomers [bec]ause all the valuable local [con]tacts and partnerships have [lon]g since been signed up.

The message in some quarters [wo]uld therefore appear to be: [S]outh America, here we come." [Wh]ere the boom is yet to happen [an]d where competition is, as yet, [no]t too intense.

The facts, however, are some[wh]at different and any contrac[tor] who believes that the Middle [Ea]st markets for building and [civ]il engineering no longer hold [ou]t the promise of worthwhile [wo]rk is seriously mistaken.

"Anyone who believes that [wo]rk is drying up in the Middle [Ea]st is misguided and badly [inf]ormed. Ask contractors from [th]e Far East if they think it's over." The comments come [fro]m James Nelson, a vice-presi[de]nt with the Bank of America [in] London who is becoming [kn]own among U.K. contractors [for] his knowledge and under[sta]nding of the Middle East con[str]uction world.

Mr. Nelson primarily, is a [Sa]udi Arabia expert, though [ma]ny of his observations apply [to] some of the largest oil pro[du]cers' neighbours as well. [C]onstruction expenditure in [th]e region, despite some recent [tri]mming of budgets, is set to [rem]ain at enormous levels and [so]meone is going to pick up the [wo]rk.

"It is true that the year to [ye]ar growth rate of the [co]nstruction boom seems to be [sta]rting to flatten out in most [ma]rkets but there is a big [dif]ference between that and the [pic]ture which some people are [pa]inting.

"Many of the discussions [ab]out inflation and problems in [th]e Middle East really relate [ba]ck to the 1974 to 1976 period [wh]en there was an absolutely tremendous leap in construction expenditure from one year to the next, which put a great burden upon the transport net-work through which materials had to flow, the local markets for materials, labour and housing, the Governments which had to administer the expenditures and the contractors themselves."

To-day, says Mr. Nelson, the markets have settled down and although immense operational problems remain for the contractor, the situation is improving all the time.

On actual construction expenditure figures, Mr. Nelson has ample evidence to suggest that things are by no means over in the Middle East. Approximate expenditure on construction projects in the Middle East by government sectors was about \$15m. in 1973, of which about half was spent on hard construction as opposed to equipment, design costs, etc..

By last year, however, projects expenditure had grown to about \$65bn., with \$32bn. in direct construction work. The figures are, of course, difficult to compare with Western statistics because one dollar (or pound) spent on building in the Middle East will not yield the same amount of construction output as it would in countries with better developed infrastructure and supplier industries.

Spending

But if spending seems set to remain at levels which make other construction markets around the world seem almost inconsequential, other changes are taking place in the nature of Middle East construction work. The type of contract now becoming available, rather than the volume of business, is changing slowly as basic development work progresses and attention turns towards "second priority" construction projects.

"Jumbo" contracts certainly remain and more of them are in the pipeline—notably in Saudi Arabia, where one of the latest plans is to build a 24 km four-lane causeway between the country's east coast and the offshore island of Bahrain. But it does seem likely that the real chances for the smaller contractor may now only just be emerging, as the client nations turn more of their attention towards the provision of facilities with which the medium- to small-sized operator can comfortably cope.

The British government has been particularly keen to emphasise the opportunities for the smaller contracting operation in the Gulf and some have established themselves successfully in the region.

The British presence in the Middle East is by no means a new one. Contractors from the U.K. have been operating, particularly in the Emirates, for many years and along with British consultants have established for themselves a reputation which has led to the winning of some of the biggest construction contracts on offer.

There has been longstanding criticism that the U.K. construction companies have not been prepared to go to the lengths of some of their competitors to win business—with their reluctance to mount joint-venture operations uppermost in the critics' minds.

The record in this respect, however, is not a bad one, although the U.K. contractors and some other of their competitors are now being given a good lesson on the benefits of an integrated construction workforce by the South Koreans. There have been suggestions that the Koreans' activities could not possibly be profitable and that they see the Middle East simply as a useful way of deploying large numbers of people and bringing in foreign currency.

People closer to the Koreans' operations dismiss such speculation. They praise the level of expertise which the Asians are showing—now in high technology as well as more normal construction projcets — and repudiate any suggestions that profits are not being made.

They have apparently made light work of the obstacles which any contractor faces in the Middle East and are lining themselves up for much more work in the future. Those obstacles are fairly daunting, even to the most experienced contractor. Rigid contract conditions, fixed-price work and the need for performance bonds which are not always easy to come by are often sufficient reason to dissuade would-be participants in the Middle East construction rush from going any further.

The smaller-scale operator, in particular, is likely to find the list of problems too long, and the risks too great, though many are now taking the gamble, if only because their backs are up against the wall at home.

There is always a bright side to the picture, however, and in some cases the contractor can expect to receive advance payments on contracts which can represent as much as 20 per cent. of the job's total price, as is the case in Saudi Arabia. These payments effectively represent interest-free loans which can often help overcome potential cash-flow problems.

Apart from the contractual difficulties, the physical nature of most of the region can represent major operational problems for the contractor. Road, air and sea links are in many areas being quickly improved, as are telephone communications, but organisational problems of a magnitude unknown in the developed nations are an every-day fact of life.

The problems are plentiful. There is often stifling and badly co-ordinated bureaucracy which can cause vital delays during the all-important mobilisation period—the profitability of contracts has been seriously undermined on a number of occasions in this way—and the Middle East client has a way of changing his mind about what it is he really wants as soon as work is well underway.

To assemble a suitable management team and labour force can also present headaches. High salaries and the opportunity of working on projects the like of which may never be seen again elsewhere is usually enough to attract a management team, but the enlistment of reliable on-site labour can prove extremely difficult. Workers have to be housed, fed and cared for during the contract period and failure to do so correctly can lead to a fast deterioration in relationships not only within the project team but between the client and contractor.

For the major international civil engineer, such problems are immense but manageable. But for the contractor with his sights set on more modest contracts, the difficulties can be greatly magnified.

He requires a management team with knowledge and experience of his new market and he may be forced to recruit from outside. The trouble is that with internal resources to call upon, he may have to hire something of an unknown quantity at a time when re requires people of the highest ability, capable of coping with the job and the local legislation, cultures and customs which surround it. With less financial flesh on him, the medium to small-sized contractor can have much less lee-way for making mistakes.

M.C.

Insurers grow wary

CONSTRUCTION ALL risks cover was only a gleam in the eye of many an insurance broker back in 1958. But with the emergence and development of Third World countries, and the growing ambitions of oil producing nations, brokers have found that there is a solid market for this type of insurance cover.

International contracting work has evolved in the less developed countries where demand has been for basic infrastructures of roads, railways and ports. As these countries have developed their economies, a further demand has grown for industrial contracting work, a trend which has been helped by the oil nations attempting to reduce their dependence on oil wealth.

These markets have long held appeal for the international contractor, more so as home markets have become saturated. Moreover foreign workloads have become essential as a hedge against domestic cutbacks.

Not only has the international contractor been bedazzled by the number of noughts attached to the jumbo overseas contracts, which can run into billions if a joint venture or consortium project is arranged; but so has the international insurance community.

Back in the late 1950s, contractors all risks insurance did not generally extend beyond the usual fire and perils insurance. Documentation of policies could be standardised and the whole process followed a conveniently simple format.

Since then two important factors have complicated the process. The "source" country (from where the insurance business emanates) in most cases insists that the insurance is placed locally.

But because the size of the risks have grown to such an enormous extent, the source country's capacity to carry this type of insurance is usually limited. For example 9-10ths of a £2bn. risk would have to be covered in the international insurance markets.

On the smaller type of risk of a few £100,000, the cover can be absorbed by the local market, and the business can often be conducted without recourse to a middle man, the insurance broker. If a broker is used on that size of business he will almost certainly be locally based.

So the international broker is committed to chasing the larger, and superficially more attractive business.

But that which glitters overseas is not necessarily gold. The commission earned from the cover often has to split five ways as the risk is insured and reinsured, with the rump of the commission going to a local insurer passing on the business.

This would not pose a problem if conditions were stable in worldwide insurance markets. But conditions are far from stable. There is chronic overcapacity in insurance markets as too many interested parties chase after too little business. Premium rates have been shaved to the point of folly in some cases, and certainly to the point of unprofitability in many others.

Rates

One U.K. insurance broker said that the market is currently offering rates which can be as much as 60 per cent. below realistic rates. And by "realistic" he meant "profitable."

Less and less business is being placed in the London markets by brokers as a result of the competition from newcomers to this type of business.

But although orderly rate structures have been attempted by those new to the market these have not been able to be sustained against the pressure of competition.

"What is needed," said a broker, "to bring sensible rates back to the market is a monumental loss to be incurred by one of the reinsurers. It must be realised that it is not sufficient just to go for volume in this business. Realistic and profitable premium rates are essential."

Meanwhile the problems of weak premium rates, and therefore vulnerable commission rates, are compounded by the high operating costs of arranging construction all risks insurance packages.

Although only two basic policies are involved in construction all risks insurance, each needs individual tailoring in fine detail. There is no way that they can be standardised.

For instance, risks involving water, such as port construction, need careful evaluation and are the subject of much work and analysis.

The physical damage to works, third party liability, and physical damage to plant and equipment insurance is arranged as a package under one policy and is insured in the international markets. While the workman's compensation, automobile and office premises insurance is organised in the domestic market.

At a time of weak premium rates it is not surprising that insurance brokers are considering of ways to rationalise this type of operation. According to one broker the trick is to be economical in practice while at the same time provide the quality insurance required. That has become increasingly difficult.

It is customary for a U.K. broker to be competing against up to five international brokers. And this adds to the problem. In South Korea there are often ten local insurance companies competing for one job, and 20 international brokers working on the same case.

In these conditions brokers have found that the answer has been to specialise in certain areas such as South America.

Others are preferring to concentrate on offshore pipeline business in conjunction with their marine departments. Others who are persevering with traditional construction all risks business hope that new markets will be consolidated and developed through existing insurance business. For example, where a broker has handled the insurance for the construction of an oil refinery, he could cream off any business arising from improvement work.

The major constraint of further development of construction all risks insurance is the size of the risks. The claims experience is beginning to build up, but even so premium rates remain weak.

Traditional insurance business rates are under pressure as well, so the market has tended to contract for the ancillary types of insurance. U.K. insurance brokers themselves are keeping close control on their expense ratios during a time of currency movements, with a strong pound reducing earnings.

Given that background many insurance brokers are looking at this class of business carefully and are wondering whether it is worth the effort.

John Moore

The need for labour

WINNING THE actual contract may be the first hurdle to be overcome by the building contractor seeking work abroad, but very high on the list of difficulties which follow is the provision of an adequate labour force.

In the Middle East in particular labour shortages have long been a constraint on the level of development made possible by oil revenues. There are two parts to the problem. First, the contractor needs to find skilled men to form the management team at the site. Second, he has to recruit the labourers themselves.

The first can often present little difficulty, at least as far as recruitment is concerned, to the big organisation. Temperatures of 130 degrees farenheit or more notwithstanding, overseas work, especially in the Middle East, does have one big attraction—the money that is available, together with low (or non-existent) taxation. Salaries can be two or three times higher than in the U.K., a strong draw at any time and especially so at the moment when the depressed state of the building industry means that top-notch jobs in this country are rarer than a few years ago.

Savings

The net result is that work overseas can present the individual with the opportunity to amass a capital sum of a size likely to be forever beyond his reach if he remained in Britain. On top of this, there is the challenge of the work itself—both the opportunity to be involved in really major projects and the lure of working overseas for its own sake, which can prove quite a potent force.

Thus, the large company at least is unlikely to find obtaining skilled manpower for an overseas project too much of a problem. Within its ranks, it will almost certainly have people with the requisite skills who are willing, to say the least, to move overseas for a period. Indeed, the difficulty which can arise comes at the other end of the operation, when the expatriate wants to come back home. The contractor's system must be flexible enough to allow his reinstatement when and if that becomes necessary.

For the smaller contractor, however, the assembly of the management team for an overseas project can be more of a *headache. Where the company* has a relatively low level of internal resources, it may be forced to recruit from outside in order to get the level of experience it needs without denuding its own basic operations. And that can be a risky business when the need is to have people you can trust implicitly in every way in charge of what may be a make or break contract thousands of miles away from the domestic base—and those people have to be unknowns. Indeed, such have been the difficulties encountered by some companies that there has been some movement away from recruitment of outsiders in favour of the elevation of people already within the company who may be relatively inexperienced but are at least already well established employees.

This can even prove advantageous. The members of a management team for an overseas contract need not only to be competent professionally in the same sense that they have to be for a domestic project but they must be able to adapt to local customs and working conditions. And that can be something far easier for a younger man to do, than an older man.

Nonetheless, agencies which specialise in finding skilled labour for overseas work play an extremely important role. With an estimated 250,000 people leaving Britain each year to work overseas, most of them in the construction industry, the number of such agencies has been growing fast. Their clients include some of the largest contractors in the U.K. as well as the smaller concerns, and they have reported especial problems at the moment in finding experienced senior staff for the relatively new offshore industry in particular.

Immigrants

The second part of the contractor's recruitment problem is to find his rank and file labour force. Here, the approach is multinational, with a workforce *drawn from wherever it is available* at reasonable cost. This might well be the country in which the project is underway, but in the Middle East, for example, considerable use is made of immigrant labour. And some contractors make a point of using only their fellow-nationals in the *labour* team.

The South Koreans exemplify this, with an Army-based approach to the problem which has allowed their construction industry to secure considerable success overseas. From the South Korean Army come some 4,000 skilled craftsmen a year, trained during their military service and offered the chance of an early discharge if they choose to work on a construction project abroad. Once abroad, conditions are much the same as in the Army, and the resulting team is highly disciplined, and highly efficient.

Other nations with relatively well developed construction industries such as Cyprus, Greece and India tend to import their own labour force into whatever part of the world they may have secured contracts.

Others again recruit where they can—India and Pakistan are among the favourites—using local agents to offer one or two year contracts and then shipping the men out to the site. With local labour often not available—indeed most Middle East contracts stipulate that the necessary labour is recruited from outside the country in which the project is sited, with the contractor taking full responsibility for the welfare of the men involved—the numbers involved can be substantial, running into two or more thousand people for just one contract.

Looking after such a mass of people away from their own homes poses problems of its own, especially if the workforce is a mixture of peoples from different countries, each with their own dietary needs and other customs. The tendency is to establish labour camps close to the construction sites, providing sleeping quarters, canteens, medical facilities, and *other basic amenities.*

The camps are seldom of the shanty town variety associated with such great engineering projects of the past as the building of Britain's railways, where relatively scant regard had to be paid to the comfort of the navvies doing the manual work. Indeed, they may be of a permanent nature, to be used for other things once the original project is completed. Thus, for example, the British Steel Corporation and Tarmac are currently involved, through a partnership with the Triad multinational conglomerate headed by Mr. Adnan Khashoggi, the prominent Saudi Arabian businessman, *in bidding* for a £440m. contract to build a causeway between Saudi Arabia and Bahrain. Linked with the scheme is a plan for a new town in Bahrain to house 5,000 people, aimed both at accommodating the large workforce needed for the causeway pro*ject and supplementing* Bahrain's own housing facilities.

This sort of deal displays the advantages the need to import labour can bring to some companies, notably those making largely prefabricated buildings which can be shipped out from the U.K. or elsewhere and need only final assembly on site. International competition for the supply of such factory-based housing is intense, but British companies have been scoring a reasonable amount of success here.

Requirement

Certainly it is a market which looks set to remain strong for some time to come as the pace of world development continues. Thus Saudi Arabia, for example, with a 4m. population, estimates that its current five-year plan will require up to 800,000 immigrant workers, half of them to work in the construction industry. And in the United Arab Emirates, around half the 700,000 strong population is thought to be of Indian *sub-continent* or other immigrant origin.

The pressures such large influxes place on the host society, especially where that society is as conservative as in many Middle Eastern countries, are clearly considerable. Likewise, the implications for future economic growth and change must be significant. Quite how much so should become clearer once the International Migration Project now being undertaken under the auspices of the International Labour Office has been completed. The project will assess patterns of labour migration in the Middle East and project them to 1990, examining the supply and demand of labour country by country and studying educational standards.

The intention is to be able to forecast the balance of labour demand and supply, making it possible for developers to allow for constraints imposed by a lack of skilled or unskilled workers and to identify labour sources within the region.

Meanwhile, the relentless march of building workers across the world continues. British expatriates work and live in the desert, often with a style like that which characterised the *farther outposts of the* British Empire, swimming or playing squash at the end of a working day which may start shortly after sunrise, stop to avoid the worst of the heat, and then continue into the late afternoon. Labourers from India, Pakistan and elsewhere are increasingly to be found many miles from home, sometimes highly vulnerable to exploitation by an unscrupulous contractor but at the same time also able to boost their own worth—and hence wages next time—as a result of the training and experience they gain. The huge travelling gangs of workers found during the great civil engineering projects of Europe's nineteenth century are now truly writ large around the world.

David Walker

The advantages of the consortia

BRITISH construction companies with large interests in overseas markets have for some time been concerned at the risks involved in contracts requiring joint ventures or consortia. But new insurance cover being offered by the Export Credits Guarantee Department may go some way in solving this problem.

Although bigger contracts involving sums in excess of £50m. themselves present a considerable risk to a single company, the involvement of two or more contractors presents the additional problem of possible failure by one of the participants.

For this reason, ECGD has *introduced the new scheme,* aimed at encouraging British industry as a whole to bid for export projects of £50m or more which involve a diversity of technical disciplines by providing substantial but limited cover against certain contingencies.

The construction industry is now studying the details of the new cover, and initial reaction is that it could be a useful if limited addition to the already wide range of ECGD services. The overall aim of the so-called Joint and Several Facility, is to enable estimated sums in the tender price to cover such contingencies to be replaced by a smaller and precise amount in the ECGD premium.

The facility has been formed in the most flexible way possible and can be adapted to meet the needs of both consortia and *joint ventures. Multi-discipline* contracts of £50m, and over will be eligible for consideration and cover will be offered on a selective basis for projects judged to be of exceptional national interest. Support will be in respect of losses arising on any U.K. subcontract nominated by the applicant, the value of which amounts to 5 per cent, or more of the total project value.

ECGD will indemnify the insured main contractor against unavoidable and irrecoverable cost over-runs incurred for reasons outside the insured contractors control in connection with insured subcontractors in two sets of circumstances.

The first is in the event of default by an insured subcontractor which necessitates termination of his subcontract and completion of his work by a replacement subcontractor at a total cost exceeding the original subcontract price provided for in the tender.

Costs

The second is in the case of unavoidable additional cost, incurred by the main contractor and attributable to an insured subcontractor but not recoverable from him by reason of *limitations imposed in his contract,* other than that arising from an event occurring in the buyer's country.

The amount of cover will be limited to 80 per cent, of admissable losses with a maximum liability of 20 per cent of the total value of the project contract. The premium is payable in two tranches. The first, a non-returnable sum of £5,000 will be payable on the project being selected for further consideration and the second, amounting to two per cent of the total U.K. contract value *of the project,* will be payable on issue of cover.

The role of the Department of Trade in bringing about the introduction of the scheme and its continued involvement is underlined by the fact that application for cover should initially be made to the British *Overseas Trade Board's Overseas Projects* Group. This group will be responsible for initial selection of those projects deemed suitable for further consideration.

With the help of a consultant, final selection will be done by ECGD which, after consultation with Whitehall departments, will inform applicants whether and on what terms cover will be available. No standard policy document is available because each facility will have to be drafted individually, ECGD points out.

However, it should be stressed that initially at least there will probably be very limited use of the joint and several scheme. There are within the construction industry relatively few contracts which are of the size and type which would qualify for cover and so far there is no indication that ECGD has been approached.

It is more likely, however, that such cover may first be given for projects such as underground railway systems, for example, in which the company carrying out the civil engineering work may be involved in joint and several policy taken out by the lead contractor against failure by the subcontractors.

Although the construction industry has generally welcomed the ECGD scheme, there are some misgivings about the possibility of that premium charges may be prohibitive. This is by no means certain but the fact that each facility will have to *be drafted individually* (and the risks are considerable) indicates that this could be so.

Another problem could arise through the inability of ECGD to include non-British companies in the cover, although the strength of the construction in*dustry in the U.K. will provide* a broad base from which a lead contractor can choose partners.

However, there is no doubt that the number of large contracts lending themselves to joint ventures or consortia is increasing, and there have been a number of notable link ups between British companies, particularly in the Middle East.

In Dubai Taylor Woodrow and Costain are co-operating in the extension of Port Rashid in a £120m. contract, as well as on the £162m. dry dock complex.

Taylor Woodrow also has a partnership deal in Saudi Arabia, while Costain, through Costain Blankevoort is working with the Dubai Transport Company (Gulf Cobla) on the huge Jebel Ali industrial city and port complex. Balfour Beatty, also in Jebel Ali, is working as part of an international consortium.

In Saudi Arabia Laing and Wimpey have reached an agreement with a local company and are handling more than £40m. worth of business, while Laing has joint venture work in Iran. These are only a few examples of the type of work which has attracted joint ventures.

Co-operation

One of the main reasons for cooperation of this kind remains the need for particular skills from companies which are experienced in working abroad. Also important is the reputation which a joint venture partner may have in a particular part of *the world, and thirdly* an element of risk spreading is regarded as essential in some circumstances.

The most widely accepted terms of a joint venture remain those of more or less equal partnership, with an equal contribution of capital and load of responsibility. However, should the industry take more advantage of the joint and several cover it could become far easier for smaller companies to participate, given that the risk of their failure to perform is covered.

Lorne Barling

OVERSEAS CONSTRUCTION VII

Building material markets

[TH]E PROLONGED recession in [the] level of construction [act]ivity has hit the manufac[tur]ers of building materials and [com]ponents hard. But among [the] major groups involved, the […] of depression has not been [as] acute as might have been [ex]pected. For the last few [yea]rs have seen a steady ex[pan]sion of their involvement [ove]rseas, and one key result for [the] companies concerned has [bee]n the ability to offset to [so]me extent downturns in one [ma]rket with increased activity [els]ewhere.

[T]o a considerable extent, the [ke]y to success here has been [ma]nufacture overseas: the basic [me]ssage for the companies has [lon]g been the same—to sell [ab]road you need to make [ab]road.

Building materials by their [na]ture are relatively hard to [tra]nsport. The wealth of [dif]ferent regional building [sty]les in the U.K. and in other [cou]ntries, now, unfortunately, [jus]t disappearing as the dead [ha]nd of so much modern archi[tec]ture combines with the [eco]nomies of scale of modern [ma]terial production to produce [a] bland uniformity, is one re[su]lt of this. Transport costs [to] shift large quantities of [sto]ne or bricks any distance [we]re prohibitive enough to pre[ve]nt that being done within an [in]dividual country; to-day they [re]main high enough compared [wi]th the basic value of the pro[du]cts being transported to make [cro]ss-frontier movements un[de]sirable if local manufacture [is] possible instead.

The problem was well [su]mmed up by London Brick, [wh]ich two years ago produced [fig]ures showing that in one case [wh]ere a price had been given [fo]r delivery to Riyadh in Saudi [Ar]abia, the transport charge [wo]rked out at 41p a brick, 21 [tim]es the ex-works price of the [br]icks themselves.

Thriving

This is not to underplay the [im]portance of direct exports. [T]here is a thriving world trade [in] such basic items as cement, [wo]rld consumption of which has [m]ore than quadrupled in the [la]st 20 years to reach some [...]0m. tons a year, around 36m.-40m. tons of it shipped from [on]e country to another despite [it] being a bulky and expensive [ca]rgo to send by sea. And [Br]itain has scored considerable [suc]cess in the export of building [m]aterials, with a business which [am]ounted to £800m. in 1976, 22 [pe]r cent. up in volume terms [on] 1975, and is thought to have [im]proved again last year despite [so]me obvious shortfalls.

Both deliveries and service [ha]ve come in for criticism as [un]reliable, most recently from [a] West German construction [ex]pert, Dr. Wilhelm Maier, [he]ad of the purchasing depart[m]ent of Philipp Holzmann of [Fr]ankfurt. He told a recent [co]nference on the expansion of [ex]ports that, although British [pr]oducts were first class, [ex]porters needed to pay more [at]tention to other things if they were not to see their markets disappear.

Pointing out that in only 12 years the U.K.'s share of the German import market had dropped from around 60 per cent. to 4.5 per cent., he stressed the need for companies to work in closer partnership with overseas concerns when carrying out orders. There was a need to be able to explain how products behaved under what might well be highly unfavourable conditions, and to hold meetings with the purchasers of the products to ensure, for example, that the technical language used in leaflets about the goods being supplied was fully understood.

Other pitfalls have been pointed out by Mr. Frank McCrossan, chief buyer for Trafalgar House, who told the same conference that many companies with high export hopes failed miserably as a result of insufficient preparation. A lengthy investigation and research period was necessary before moving into a new market, and a reliable distributor or agency crucial. Transport methods had to be carefully studied, and correct documentation to the port of arrival ensured.

That the industry has not been exporting to its full potential has been acknowledged by industry leaders themselves, most notably by those meeting in the forum represented by the Civil Engineering Economic Development Committee. In a paper on the sector's role in the Government's so-called industrial strategy, it pointed in particular to the fact that potential sales were being lost because those controlling or influencing purchasing decisions did not always know what the U.K. had to offer. The example to follow was Canada; catalogues specifying the various products and services available in certain market sectors from Canadian industry were said to be a worthwhile selling aid and one which could well be emulated here.

Its proposal was to start with a catalogue of services and products available from British industry for use in constructing and equipping airports, for use by overseas clients and by British construction groups involved in airport construction overseas.

Moves like this, and increasing awareness of the pitfalls generally, will obviously help, though the rising value of the pound has already been increasing the sales resistance of potential customers.

Nonetheless, the overall involvement of U.K. building material companies in overseas markets is something of a success story. Take Associated Portland Cement, for example, which well illustrates the importance of foreign operations to the British producers.

In 1972, just under a quarter of its £170.5m. turnover came from its overseas companies. By 1976, turnover was up to £360m. And overseas companies accounted for £120.4m. of that against £40.9m. four years earlier. More significantly, 54 per cent. of group profits came from overseas companies.

At the same time, direct exports from the U.K. amounted to £23.4m., with two major contracts gained during the year—for the supply of bulk cement to Nigeria and Venezuela—which could earn up to £100m. in foreign exchange for this country by 1980.

Revival

Those two contracts, the largest ever won by a British cement company, marked another stage in the revival of the group's cement export business which, after languishing at a low level for nearly 20 years (in the words of APCM's last annual report), have increased enormously in the past four or five years as the level of building activity in the Middle East and other oil producing areas has outstripped the ability of domestic industries to maintain an adequate supply.

APCM is far from alone in the volume of its turnover derived from overseas. Armitage Shanks obtains about a third of its business from abroad, BPB Industries much the same, Marley and Foseco Minsep's Fosroc division around 40 per cent., Pilkington Brothers, Ready Mixed Concrete and Redland around half, and Rugby Portland Cement and Tarmac approaching a quarter.

In most cases, much the larger part of these figures is accounted for by manufacture overseas (in Pilkington's case, to a considerable extent by licensees) rather than by direct exports.

Even companies traditionally not very active abroad are looking increasingly hard at the allure of overseas markets. Thus London Brick, for example, having reported a "dramatic increase" in export sales in 1976, is now active in Iran with a brickworks project which is the first plant outside the U.K. to use its method of brick production.

The project, like many other overseas operations by U.K. building material companies, is a joint venture, in this case through the Iranian public joint stock company, Tehran London Brick, backed by a long term loan from an Iranian state bank, with London Brick holding a 20 per cent. stake.

The successful organisation of the project has brought the company inquiries for further plants in Iran, and it is now turning its sights to other developing countries in which it might be able to help modernise existing brick industries and thus sell both its skills and machinery.

Away from bricks, London Brick is also active in other joint ventures overseas via its London Brick Buildings subsidiary. In Abu Dhabi, it has established Banbury Union Manufacturing and Construction with a local partner—each holding a 50 per cent. stake—to supply and erect Banbury concrete buildings in the Arab Emirates. And in Nigeria, it recently formed a similar operation based on a new factory at Kaduna to manufacture a range of prefabricated housing. That, 30 per cent. owned by the U.K. group, 10 per cent. owned by the Blue Circle Group but 60 per cent. Nigerian owned, is expected to achieve a turnover of £1.5m. in its first year and to reach £5m. within three years.

Permeates

The joint venture approach permeates every facet of the building materials industry. Mr. Colin Corness, chairman of Redland, undoubtedly spoke for much of the industry when he wrote in his 1977 annual report: "If I were asked to identify Redland's greatest single strength to-day I should not feel it immodest to point to our achievement in choosing and working harmoniously with outstanding partners in 25 different countries of the world."

Companies in the building materials field active abroad are not just restricted to the manufacturing side. For merchanting groups, too, there can be rich pickings to be found. Thus the UBM group pointed out in its 1977 annual report, published last June, that its overseas merchanting companies had made a significant contribution to profits for the first time with a fourfold increase in sales. "Other overseas outlets to expand this trade are being actively sought, which are seen by the board as an increasingly profitable part of the group's activities which will in due course reduce dependence on the cyclical nature of the U.K. building industry."

Involvement abroad can bring problems, as Rugby Portland Cement, for example, found in Trinidad. Its company there, one of its two overseas subsidiaries, was nationalised after seven years in which virtually no price rises were allowed by the Government. And it is clear that in a sector so basic to the creation of an industrial infrastructure as building materials, Government regulation, at the least, is always a likelihood—another factor working toward the creation of joint ventures rather than wholly owned subsidiaries.

Overall, however, few building material companies which have opted to set up operations overseas have regretted it. And for many it has been an essential factor in helping to mitigate the effects of the prolonged recession at home.

David Walker

Boundless openings in Latin America

THE AMOUNT of work that the construction industry should be facing in Latin America is large enough to satisfy the demands of the most ambitious of builders. The bursting cities of the region need tens of millions of new houses and the services to cater for the stream of new inhabitants they are constantly attempting to accommodate. In the countryside there is scope for many times the number of major public works now being built, though these are among the world's most ambitious. In a word, it should be the construction man's dream.

The increase in the population of the region to the year 2000 is likely to be very great and the growth of the cities even greater. During the 1970s, seven cities, Buenos Aires, Rio de Janeiro, Sao Paulo, Santiago, Mexico City, Lima-Callao and Caracas are expected to experience increases of population of more than one million with Mexico City ending the decade with no less than 13.6m. inhabitants.

The challenge and opportunity this presents for the construction industry is clearly enormous. It is even greater than such crude figures suggest in that many millions of dwellings in Latin American cities are sub-standard. Even if population and urban growth were by some miracle to be halted tomorrow there would be a great deal of work to carry on with.

The Inter-American Development Bank estimates that 1.2m. new dwellings are needed in Latin American cities every year to accommodate growth, not to mention the cumulative shortage of 15m. to 20m. houses already existing. For the moment no more than 500,000 houses are being put up.

Similar opportunities and challenges face the industry in the countryside. The land fit for economic exploitation in the region is put at some 1½bn. hectares of which nearly 1bn. are forested and the rest suitable for agriculture.

So little of that potential has been put to work that only about a third of cultivable land has in fact been cultivated and only a tiny fraction of that is under irrigation. The task of bringing that land into use is another big challenge to the industry.

Scheme

It is not without significance that the largest civil works project under way in the world is sited in Latin America. The Itaipú scheme on the River Paraná, which is being undertaken jointly by Brazil and Paraguay, could end up costing anything up to $10bn. to generate power for the industrial Centre-South region of Brazil. Itaipú is comparable in the hydroelectric sphere with the Brazilian programme of cutting highways through the jungle.

It is not surprising that the large size of the civil works being undertaken in Brazil should have bred the largest of the construction companies in the region. Companies such as Camargo Correia, which is engaged in the Itaipú scheme, and which has also been involved in the Brazilian highway building programme, is now competing with builders from the developed countries for contracts outside Brazil.

The large British construction companies have had mixed experience in the region. Wimpey took a major part in the building of the Furnas hydroelectric dam in Brazil in the 1960s. Taylor Woodrow has done work on the Peruvian ports system and in bidding for work in Bolivia. If Britain bids for big projects in Latin America, like the Zulia steelworks in Venezuela or the expansion of rail services in Mexico City, this should bring more business to British consultants and construction companies.

The big question hanging over the realisation of Latin America's potential as a promised land for the construction industry is whether the governments of the region will begin pursuing policies which enable the populations of the cities to afford a proper roof over their heads and whether steps are taken to realise the potential of the Latin American agricultural sector.

If the principal governments of the region continue policies in force at the moment which concentrate economic assets in the hands of a small minority of the population and which remove from the poorer sectors of the population the opportunity of purchasing a house then Latin America is likely to stay with its present shortage of 15 to 20m. houses. In the same way, unless the region's governments put greater emphasis on agricultural prod:ction and on wider ownership of the land, there is little likelihood that the large amount of usuable land in the region will be brought into production.

Hugh O'Shaughnessy

CITIES WITH OVER 1m. INHABITANTS BY 1930

Country and city	Population ('000) 1950	1970	1980	Projected absolute increase ('000) 1970-80
Argentina				
Buenos Aires	4.722	8.353	10.240	1,887
Córdoba	370	791	1,011	220
Brazil				
Belo Horizonte	409	1.505	2.279	*774
Brasilia	0	538	1.082	*544
Curitiba	157	647	1.093	*446
Fortaleza	251	864	1.340	*476
Porto Alegre	464	1.409	2,133	*724
Recife	647	1.630	2.307	*677
Rio de Janeiro	3.044	6.847	9.619	2,772
Salvador (Bahia)	396	1,067	1,563	*496
São Paulo	2,336	7,838	12,273	*4,435
Chile				
Santiago	1,350	2.850	3,902	1,052
Mexico				
Guadalajara	461	1,445	2,331	*886
Mexico City	3,419	8,605	13,625	*5,020
Monterrey	411	1.167	1.883	*716
Puebla	606	990	1,294	304
Peru				
Lima-Callao	1.229	3,318	4,679	*1,361
Venezuela				
Caracas	686	2,058	3.208	*1,150
Maracaibo	252	682	1.037	*355

* Projected increase between 1970-80 is greater than actual population in 1950.

Signs of disquiet in the U.S.

THE U.S. construction industry, after 18 good months, is now preoccupied with problems which could seriously affect it both at home and abroad in the coming months.

At home the housing industry had an extremely good year in 1977 although it must be remembered that its recovery began from a particularly low base. However, a combination of rising interest rates and the weather have put something of a crimp in industry figures since the start of the year and the indications are that housing will have a less buoyant year in 1978 than it had last year.

Many analysts have been surprised by the fact that the "boom" in new housing has lasted for as long as it has. This boom has in turn made a considerable difference to companies like Sears Roebuck, the world's largest department store chain, which also had a very good year in 1977.

Rising interest rate levels have led at least one analyst to talk of a 10 per cent. mortgage rate by the end of this year, although such a figure is probably unnecessarily alarmist. In any event the increase in the supply of new homes has done nothing to reduce prices and the Carter Administration is currently working on a scheme to reduce the mortgage repayment burden in the first years after a house has been bought to try to make it easier for middle income couples to buy houses.

In some cities the past year has also seen a surge in office building. Washington, in particular, is now in the middle of an explosion of office construction, partly because of the new underground which has now begun to operate. San Francisco's centre also benefited from that city's rapid transit system a few years ago.

But in Atlanta, long regarded as among the "brightest" construction prospects in the country, the owners of one giant hotel, office and exhibition centre complex have run into serious financial trouble which has in turn affected several of the city's banks. And in Florida, which suffered from a severe bout of over-building in the first few years of this decade, analysts say things have only really begun to "straighten out" in the past few months.

Even in the "sunbelt," the central southern section of the country which has been growing furiously these past seven years, there appears to be something of a slowdown in places like Phoenix, Arizona. On the other hand, Houston, which adds 1,000 people a week to its population, is still one of the most dynamic growth centres in the U.S.

Prediction

For many months, the Administration has been predicting an increase in heavy construction inside the U.S. But it has obstinately failed to appear. Administration economists say that in the past six weeks there has at last been evidence of a pick up. The latest McGraw Hill survey projects an 8 per cent. increase in spending in new plant this year in real terms, which is about the same as last year and rather more than the Administration was expecting, in a year in which the signs are that the economy's growth will slow down somewhat.

However, most analysts agree that it is too early to chart a reliable trend for plant and equipment spending, even if many of them have a "gut" feeling that many companies may be close to deciding to undertake modest expansion, an expansion which many of them apparently feel they can delay no longer.

If that is so, it will bring some comfort to the U.S. heavy construction industry, which is profoundly dissatisfied with the situation abroad and particularly angry about the effects on its overseas competitiveness of the 1976 Tax Reform Act.

In the past few years American companies have taken a large slice of the burgeoning construction business, particularly in the Middle East. The latest list published by the National Contractors Association (NCA) estimates that U.S. construction companies are actively involved in projects in nearly 70 countries from China to Saudi Arabia to Chile.

In 1975 and 1976 these companies signed contracts for new business worth some $18.6bn. for each of the two years. American companies more than held their own despite fierce competition both from British and European contractors, but also from Korea, Japan, and more recently, Pakistan and India.

But last year saw a sudden reversal of the trend. The NCA estimates, on the basis of figures for the first six months of last year, that contracts dropped to about $11.5bn. on an annual basis. The NCA and individual companies waste no time in "fleshing out" these figures. For example, one major U.S. company won no new engineering or construction contracts in Iran in 1977.

Meanwhile, other figures suggest that the American share of the international construction market may have slumped from 33 per cent. about three years ago to about 20 per cent. now, with much of this decline occurring in the past year.

All sorts of reasons can be adduced for this change. The industry accepts that competition has become fiercer at a time when the sluggishness in the world economy has encouraged countries like Iran, Nigeria and Venezuela to slow down their ambitious development projects. Inflation has also led many oil-rich countries, for example, to scale down their plans, and in the developing countries like Brazil there has also been a "pause."

But the U.S. industry believes that a much more important single reason than any of these is to be found in Washington itself, and it lays much of the blame for the apparent decline in business at the door of Congress and the U.S. Internal Revenue Service.

The sudden expansion which has taken place in countries like Saudi Arabia, combined with inflation, has made the cost of doing business in such countries extremely high. For example, the NCA estimates that to keep one middle-level engineer in Saudi Arabia with a salary of $26,400 actually costs a company $97,000.

Well over a quarter of this figure is accounted for by the astronomical housing costs in Saudi Arabia. Even in London, the NCA calculate that it will cost nearly $50,000 to keep the same engineer.

Decisions

Until the 1976-75 Tax Feform Act, and two subsequent decisions of the Internal Revenue Service Court, American employees of U.S. companies abroad did not have to pay tax on the first $20,000 of income and anything above that first $20,000 was taxed at the lowest rate.

The practical effect of these and other benefits was that an executive with $40,000 in taxable income who would have paid $12,140 in the U.S. would usually pay only some $4,830 if he lived abroad.

But in 1976, all this changed. The $20,000 exclusion was reduced to $15,000, the remaining income was to be taxed at the normal rate, the foreign tax credit was limited, and the IRS began rigorously to enforce the provision that all ancillary benefits, like housing, should be treated as income.

Companies have tried to make up the difference but this has put up the cost of their operations and, the NCA claims, been enough to make U.S. companies uncompetitive. Meanwhile a growing number of U.S. companies have been either employing non-American engineers abroad or subcontracting business to foreigners.

One major U.S. company, Ralph M. Parsons, now recruits almost entirely non-American professional employees for overseas contracts. It notes that 58 American members of its professional staff have resigned since the 1976 reform, and both Parsons and other companies note that one side effect of this may be to reduce U.S. influence in oil rich countries and also to reduce the demand for U.S. exports.

The U.S. Treasury and the Congress, in the face of intense lobbying pressure, is now trying to grapple with these problems and some relief may be in sight. But U.S. companies fear that much damage may already have been done. One U.S. company quotes the Shah of Iran, for example, as having said Americans are "too expens

Unless changes are made NCA estimates, U.S. comp will probably be able to competitively for some 10 cent. of the business to c Saudi Arabia and other oil countries. Some analysts this may be something exaggeration, but Mr. Conger, the director of export projects at the Com Department broadly agrees the NCA. In Congress, he there is "a general naivety life abroad is a big experience, but there is no sideration of the human of working overseas."

Thus, the U.S. constru industry finds itself worrie home by the prospect that recent housing surge may peaked, and concerned ab that it is having to price out of contracts.

Yet companies like Be and Kellogg, to name only have unrivalled expe abroad and are in the vang of new technology. It is likely that, at the end of day, they will lose too m busines even if for now t seems some justice to their plaint that they are havin compete with one hand th

David

Wary approach to Nigeria

NIGERIA IS NOT the booming construction market it once was. In the middle of last year the Federal Government realised its finances were badly overstretched. According to some reports, when the Ministry of Finance marshalled all its commitments for the current year they totalled over N.15bn.

This budget was virtually cut in half on review by the Federal Executive Council. Even then it nowhere near matched the N.4.5bn. available to the Finance Ministry.

Since then, Nigerian oil revenues have been hit by the world decline in demand combined with the rise in alternative sources of light crudes of the kind produced in the Nigerian oil fields. One of these alternatives is the North Sea.

Emergence of new resources, combined with drastic measures taken in the United States to cut oil imports has forced Nigeria to accept a cutback imposed by OPEC. Production has been cut to under two million barrels a day. By the end of this year it may drop as low as 1.6m. barrels.

This means a drastic reduction in revenue for the Federal Government at a time when its commitments are expanding fast. Nigeria stands in great need of basic services such as roads, water supply and drainage, reliable power supply for new industries, air and sea port development and modern telecommunications. But like many countries with industrial ambitions, it is having to cut its coat according to its cloth. The cloth is getting noticeably thinner.

Priorities in government activities are being reordered so that the available financial resources can be concentrated on essentials. It was made known in Lagos at the beginning of this year that the Government had virtually stopped awarding contracts unless of the highest priority.

There are now signs that the severity of this cutback is easing. Some of the government's priorities can be assessed by news of the latest contract awards. One of high importance to the city dwellers of Lagos is the contract recently awarded to the Powell Duffryn Group for supply of waste disposal equipment and expertise to the Lagos State Government. Anyone who has visited Lagos will know how urgent is the need to clean up the city, where urban health services have been swamped by the influx of population.

One or two states are proceeding with high priority projects required to give road access to undeveloped regions. But in place of the feverish boom of two or three years back there is now a distinct phase of austerity.

Some British contractors have been hit hard by Nigeria's shortage of funds. This has been most marked in education, given top priority by the Federal Government. Many ambitious development plans had been set in train including the teacher training colleges at Jos, Pankshin and Yola.

Notoriety

Yola has achieved some notoriety in this country because the contract was taken by Cubitts Nigeria on favourable terms prior to the takeover by Tarmac. In the interim, however, the contract terms were changed when the Nigerian clients discovered how much it was going to cost. This ill-fated deal is responsible for a large part of Tarmac's £12m. losses in Nigeria, news of which hit the City like a thunderbolt last September.

This sudden reversal of fortunes, completely unexpected even by those close to the job, has had its repercussions in Nigeria and did not exactly improve the climate for the British contracting industry. They, as well as their competitors from France, Germany and Italy, were caught up in Nigeria's financial crisis.

On the whole, strong financial backing has helped the Continental-based companies to weather the storm. Even Julius Berger, the Dresden Bank-owned contractor which has enjoyed spectacular success in winning big Lagos contracts, has come under heavy criticism recently in the Nigerian Press. Such attacks are usually the first sign of official displeasure. The Petra-Monk consortium, which has now come creditably out of its disastrous Lagos urban motorway contract, had to suffer much abuse; the Lagos public couldn't understand why it was making such slow progress.

With the thoroughness of the U.K.-orientated civil engineering contractor, the contract management was picking its way steadily through a maze of uncharted cables, pipes and drains, as well as the more obvious industrial services and railways. It was months before any construction work became evident. To build an eight-lane motorway in Lagos could rightly be described as a contractor's nightmare. Small wonder that Monk decided after this experience to offer services in other fields of construction.

Several other well-known British firms are putting up creditable but little-publicised performances in Nigeria: for example, Wimpey with its successful asphalting business in Lagos; Taylor Woodrow building new roads in crowded provincial capitals and Costain with its major involvement in industrial projects such as the Ashaka cement works in which the Blue Circle Group has a major interest. Amey Roadstone's company ARC Nigeria has also secured road-building contracts in Nigeria which make Britain's road-building efforts look puny. To rebuild 280 miles of road as ARC is doing in one contract, or to drive a new 70-mile motorway through hill country as Wimpey is contracted to do from Jos to Bauchi, are formidable construction jobs by any standard.

Nigeria badly needs the services of expatriate contractors for all the abuse that is sometimes heaped upon them. The country is understandably trying to raise standards among its indigenous contracting companies whose prices are generally much cheaper than those from sophisticated international contractors.

But home-based contractors do not have the resources required to undertake massive roadworks in difficult conditions and often in remote locations. Contractors in Nigeria will tell you there is nothing to the work itself—they have done it all before in the U.K. and other countries. The real problems lie in logistics, the sheer effort required to maintain efficient production when materials and plant have to be hauled 1,000 miles from the seaports to the fringes of the Sahara desert.

Some recent news items from the Nigerian Press illustrates the hazards of the construction programme. For example, Makurdi's efforts to rebuild its town roads have resulted in extensive disruption of water and telephone services. It is here that the patient survey work undertaken by the experienced contractors from overseas is so important in avoiding disturbance to public services. They may not get much thanks for it, but it is much better in the long run than the "untold agony" reported from Makurdi where the dust nuisance got out of control.

Conclusion

Ondo State has recently terminated N.17m. worth of contracts for reconstruction of town roads. The reason was simply that the local contractor was making no progress. By the end of last year only 15.5 per cent. of the work at Akure had been completed compared with the 72 per cent. estimated in the construction schedule.

Another big job in the Anambra State, the Enugu-Abakaliki road, has been delayed due to the inability of the Nigerian stone supplier to keep up with the main contractor. At least, the foreign-based contractor is reported as blaming his Nigerian supplier for the delays.

This did not go down well with the State Governor who was highly displeased at the lack of progress.

Ogun State has been forced to relet the contract for road construction in Abeokuta because the indigenous construction company was unabl complete the work. Once a the State Governor expre his disappointment at the of progress and the in venience caused to people w premises bordered on the works.

All this demonstrates a f obvious fact: that appar simple jobs like road re struction require a great of experience and trai This work comes easily to foreign contractor with year experience behind him. So t is ample scope in Nigeria the contribution of the patriate contractor, inclu training of Nigerian labour

These efforts have been hibited by Nigerian insiste on majority control of for enterprises and strict limits remittance of earnings to pa companies overseas. These p lems are now compounded lack of funds to sup Nigeria's ambitious deve ment plans.

British companies have ta a heavy knock during financial crisis and the su quent cutbacks. It is not prising that their enthusi for Nigeria as a base for pansion has waned consider over recent months. Never less there is abundant evide of the need for their expert If the Nigerian economy able to create the right co tions, there would be no do of an enthusiastic response f the overseas contractors.

John D. All
Editor-in-c
Construction N

SOCIETY TO-DAY FROM NEW YORK

The quiet American is back

UNITED STATES has d. a long way towards ed social stability in the 10 years, but still has a way to go. In 1968 many icans were seriously ful about the immediate e of their Republic, but in of the current troubles of ollar such talk is not heard days.

t some of the underlying stic problems persist. For ple, the contrast between and poor is as stark as and there is no sense that dent Carter is more able much about this than he y of his predecessors were to do anything about the bilising effect of the revo- ary change in the status men, the fall in the birth- or the great migration of sections of the population. ny Americans still regard as the starting point for ssessment of most of the les of the West since By March of that year Tet offensive had taken ong shells into the U.S. ssy in Saigon.

may not all have realised en (I certainly did not, ng from a Washington ly conscious of its mili- power). but this. surely. the start of the subsequent at of the U.S. in the face viet or other pressures in parts of the globe.

n years ago this month, rica was scarred by riots in ities. Protestors against war kept President Lyndon son trapped in the White se, apparently afraid to among his people. Sena- Eugene McCarthy won 40 cent. of the vote in a race st the President in the Hampshire Democratic primary, and Robert Kennedy said that he too would try for the presidency. It was too much for President Johnson. He allowed himself to be hounded out of office, to be succeeded by Richard Nixon—in an election year in which Martin Luther King, jr., and Robert Kennedy were murdered, and civil disorder reached such a level that it seemed to some people to threaten American democracy itself.

I have revisited the U.S. many times since then, but it is only on this 10th anniversary that the restoration of some kind of normality seems to have been achieved. The worries are no longer about a war, or the crookedness or otherwise of a President, but rather about such relatively everyday matters as the level of the currency or the competence of the Administration.

Compared to the traumas of 1968—the year Robert Kennedy (left) and Martin Luther King (centre) were murdered—America under Jimmy Carter has moved a long way towards social stability, but the problems of inequality still remain.

Serious matter

Now the fall in the value of the dollar is of course a serious matter, but given a modicum of good luck and fair judgment it should not constitute an insoluble problem. I wish the same could be said of some of the underlying social problems in the U.S.

Take, for example, the gap between rich and poor. According to President Carter's 1978 Economic Report, the proportion of families with incomes below the official poverty level has been halved since 1959. But most of that 20-year fall took place in the 10 years to 1968—the figures are 18.5 per cent. of families on or below "poverty" income in 1959 and 10 per cent. in 1968, with the latest available figure, for 1976, down only to 9.4 per cent.

This slowdown in social advance since President Johnson left office is even more marked when the poor are classified according to colour. In 1959 some 15.2 per cent. of white families were on incomes below the poverty level. At the end of the era of the "Great Society" this was down to 8 per cent. from which it has not fallen very much since then (7.1 per cent. in 1976).

For blacks the pattern is not dissimilar, but the numbers are far higher. In 1959 some 50.4 per cent. of families were living below the poverty level. In 1968 this was down to 28.2 per cent. The years of slow social progress since then have taken the figure down to around 26 per cent. — still far higher than the equivalent figure of white Americans in 1959. And since the number of black families has increased by half over over the two decades the absolute number living in poverty has hardly fallen at all.

It should be emphasised that these statistics are based on a hard-headed Federal Government calculation of the needs of various sizes of family living in varying circumstances. They are adjusted for inflation once a year, but they do *not* suffer from the defect (previously found in too many British equivalent tabulations) of disregarding the aggregation of incomes within families. The story they tell cannot be wished away by quibbling about the statistics.

Nor can the unemployment figures. In 1968, when the national unemployment rate was 3.6 per cent., the Johnson Administration's economists said that alarm bells would always ring in the U.S. if the figure rose much above 4.5 per cent. Well in 1975 it hit 8.5 per cent., for reasons that will be painfully familiar in most countries of the West. The fall since then has been encouraging—down to 6.1 per cent. in February according to an announcement in Washington last Friday. This is the lowest figure since October, 1974, but it is still not far short of twice the level of 10 years ago, when there was rioting in the streets.

Disruptive

Again, the contrast between the races is instructive. Over the past year white unemployment has fallen by a fifth but the fall in black unemployment has been a mere twentieth. The figures for those who are potentially the most socially disruptive are even more disquieting—unemployment of whites aged 16 to 19 has come down from 18 per cent. in 1975 to below 15 per cent. now, but the figures for their black counterparts actually *rose* by a couple of percentage points in the same period to some 37 per cent.

At this stage the outsider should pause to explain that the the observation of these social phenomena is not intended as a typical piece of British anti-Americanism. In political terms, or in terms of the everyday courtesies, the present generation of Americans has undoubtedly tackled a long inheritance of class-racial conflict with a vigour and a good will that is only too sadly lacking in these matters in Britain. Their poor—white or black—are far better off than most of the American poor of previous generations. The progress that has been made cannot be gainsaid. The doubts creep in, however, when one considers the next decade. The last ten years have seen a pause in the momentum of domestic social improvement with no concomitant resurgence of social unrest. It may seem to some people that this proves that there is nothing more to worry about, but can that be true?

One way of understanding the serious nature of the question is to consider the change in the age pattern of the American population. This is of course not dissimilar to the British and general West European experience (babies became unfashionable on both sides of the Atlantic nearly a generation ago) but because of the greater size and ethnic complexity of the U.S., the problem is writ large.

As in the British case, the post-war "baby boom" is well and truly over. It could be that this great wave of youth accounted for much of the worldwide unrest of the 1960s and that the various social and economic theories about that period are to that extent ill-founded. And it is certainly true that America is "growing older" — the median age is moving from under 28 in 1970 to about 30 by 1981 and, saving a sudden explosion in the birth-rate, will rise to 35 by the year 2000.

Some Americans like to explain the growing conservatism of the country by this shift in the balance between the age groups. On the basis of people already born, it can be seen that between now and 1990 the fastest-growing population cohort will be composed of people between 25 and 44—the "baby boom" youth presumably growing up and turning respectable. The process has already started, and some sociologists believe that it helps to account for the slow fall in the number of burglaries and robberies that the FBI is so happy to announce. After all, the police reckon that three-quarters of this kind of crime is committed by under-25s. (I have my doubts about all such "police records" statistics, but the trend seems to square with commonsense supposition).

It could be reasonable to sit back comfortably on these statistics and proclaim that the only remaining social problem is how to finance the pensions of this large cohort in the next century when it might appear that there will be too few workers to support them. One could then point to the room that still remains to employ more women (nearly half of them take work now as compared with under a third in 1947) or to increase the retirement age, and settle for the economics of that kind of equation.

But would it be enough? The great numbers of 25 to 44-year-olds now coming on to the labour market will coincide with a relative fall of the numbers of younger job-seekers—but that may be no consolation. Under-educated blacks may still find it hard to get work; over-educated persons of all colours will almost certainly find that what is available is less rewarding than they led themselves to expect when they went to college. The social need, for them, will not be just jobs—there might well be enough of those in the 1980s—but good jobs. Every indication we have to-day is that large numbers of such people will be as frustrated in middle life as they were angered and afraid on the campus in their youth.

Not unique

Issues of this kind are not the sort that Governments can do much about. They are not unique to the U.S. But in America people are most moved when they have a vision and most frustrated when they endure the unfamiliar experience of coming up against problems they cannot solve.

It could be that the outcome is not social unrest but just an increase in the number of dissatisfied and bewildered people. It could be that an unpredictable change of circumstances lies immediately ahead. We cannot tell. All that can be said, 10 years after 1968, is that when you think about it there is something more unnatural about this year's calm than there was about all that clamour 10 years ago.

Joe Rogaly

Letters to the Editor

ocal authority nancing

a the Prospective ervative Parliamentary lidate, Hammersmith North

—John Grugeon (March is right. The financing of authorities needs in-depth nination. The transfer of ation and social services to reds of newly created orities is the sort of in- tive superficial re-organisa- with which we have become familiar. The problems me murkier as the oppor- y for increased "Mickey- sing" between Government local authorities is ex- ed.

great deal of the problem aused by the absence of isions for reliable account- standards and detailed pro- res in the local government . To-day the presentation of government accounts is istent neither from year to nor from authority to ority. The equivalent of the h (and other) Schedule(s) he Companies Act, 1948, is ntly needed.

is also essential to have pendent audits. The future he Chartered Institute of ic Finance and Accountancy nds upon the maintenance local authority "peculiars." this reason it is too rarely ared to shed light on the ral uses to which specific ort grants are put. Those hers of the public who find interpretation of company nts difficult, find interpreta- of local authority accounts ally impossible.

. Grugeon was rather too when identifying the prob- of local government. That must include councillors' ance of the sources and cation of funds at their sal, apathy in that investi- n, and the absence of ose justification analysis by tment and function. Zero- l budgeting by council rtment would identify areas ultiplicated effort.

al government generally weak financial controls and fore inefficient manage- . We seem to concentrate raising money to finance es, instead of justifying ng useful expenditure and nating waste.

ny G. A. Cripps.
Hill *Lane, N.W.6.*

nvironmental aretakers

Lord Kennet.

—Mr. Eldon Griffiths ch 6) is entitled to remind e of all the good things he or the environment between and 1974, but not, I think, ply that there was anything new in this. In October, the late Anthony Crosland ne Secretary of State for onal Planning and Local rnment; he was thus the overlord Cabinet Minister the Environment, the sters of Housing, Works, etc., ng the Cabinet at that

o during the autumn of there was the Fabian hlet (published with Prime terial approval) *Controlling Environment* which set out w structure and theory for and there was the setting f the Royal Commission on Environment. In the spring 70 the Government accepted Preservation Policy Group t about historic towns, and shed the White Paper The ection of the Environment, laid down the lines fol- by subsequent Govern- s.

en the Conservatives came in in 1970 they first undid the Cabinet overlordship and went back to three separate Ministers. Six months later they used a plan for the creation of a unified Department of the Environment which had been worked out under Labour and would have been adopted if Labour had won the 1970 election. Good luck to them. They also cancelled the funding for historic towns which had been undertaken by the Labour Government as a result of the Preservation Policy Group report.

As to "setting hundreds of local authorities to cleaning historic buildings, renovating slums . . . city centres . . . countryside parks . . ." etc.: what would be interesting to know is not whether the Conservative Government did anything about it—of course it did—but whether it did more or less about it than the preceding and succeeding Labour Governments. That lies beyond the sphere of simple party polemics.

Kennet.
House of Lords, S.W.1.

TV advertising allocations

From the head of International Media, Ogilvy Benson and Mather

Sir,—I refer to the article on media weight testing by Callaghan O'Herlihy which appeared on March 2.

While I would not want to argue with the interesting hypothesis put forward by the author on the subject of weight testing . . . I certainly am in accord with what he says . . . I do feel, however, that the opening two paragraphs are misleading and probably far from what actually happens. Mr. O'Herlihy has not taken into account the fundamental difference between media availability and usage in the U.K. and West Germany.

In the U.K. an advertiser can normally obtain as much TV exposure as is considered necessary to achieve the objectives set. In Germany the complete opposite applies in that time on TV is severely limited. Whereas in the U.K. there is (theoretically) more than 80 minutes of advertising time allowed each day with usually 60-70 minutes taken up by advertisers on average, in Germany advertising is confined to 20 minutes per day on each of the two channels. On Sundays and Public Holidays there is no advertising at all.

Therefore media policies in each country are bound to differ especially in Germany where a heavy weight campaign would be eight spots per month with advertisers unlikely to get more than two spots per week. Yet such is the power of TV that advertisers queue up to get on the air. This year some of the regional TV stations are as much as 300 per cent. over-subscribed for the time they have available.

It is not unusual for the larger branded goods' advertisers in Germany to use two, three or even four media, governed by the limitations and restrictions which also apply to radio advertising as well—a medium which still receives more than twice as much in advertising revenue than its counterpart in the U.K.

Michael Hook.
Brettenham House,
Lancaster Place, W.C.2.

Organised energy

From Mr. W. Wilson.

Sir,—It is seldom that I find myself in contention with the views of Mr. Norman Jenkins on the subject of the production, distribution and use of energy and so it is with some regret that I must record my total disagreement with his proposition for a single energy industry (March 9).

He must know that an organisation so created would be so large (larger than the combined Armed Forces?) and diffuse that it would be so concerned with justification, self perpetuation, communications and co-ordination that it would have little time for solving the problems he envisages. I am quite sure that the organisation he sees could not operate swiftly and logically to the tenets he outlines.

I suggest to Mr. Jenkins that smaller decentralised organisation dependent on the centre only for high technology and financial disciplines would be a better bet, particularly if the modern urge for self-examination and to restructure every few years is eschewed. Indeed, and for instance, I am sure that there would be more operating examples of his favoured technology — heat power stations — if every county or region were responsible for solving its own local energy problems. For my part I believe that we have energy-based organisations in existence not at all short in ability, dedication or expertise. What appears to be in question (perhaps amongst other things) is the collective will, direction and a sense of urgency. What, for instance, is happening in the matter of Energy Paper Number 20 on heat power stations, issued over a year ago and no doubt two years in the making?

The solution that appeals most to me is an independent small and able technical group supporting a formally appointed independent *political* committee given the task of reviewing, monitoring and urging progress over the whole energy spectrum. Idealistically, perhaps, one would hope that in its deliberations it would be concerned more with the future than with hindsight and history. But withal it would have to be small, authoritative and powerful.

W. L. Wilson.
Oakwood, 34, Chestnut Avenue,
Chorleywood, Herts.

Lame ducks and development funds in Ulster

From Dr. J. Watt and Messrs. D. Hatfield and H. Stewart.

Sir,—As members of the original executive team of the Northern Ireland Finance Corporation, we should like to comment on some of the allegations made against the corporation on March 6. Your reporter writes of the NIFC as being "discredited" and of "the ensuing accounting nightmare" following its demise. Neither of these criticisms is substantiated in the article and we believe they do not reflect the true situation.

The establishment of a development fund inevitably means that a number of lame ducks will be assisted despite the requirement of applying commercial viability criteria. This situation was foreseen by the Cairncross Committee in Ulster at the height of the political crisis in 1972. The NIFC was set up not only to "fight fires" but also to help restructure the base of Northern Ireland's industry. With a high calibre board of directors (Sir Charles Villiers was followed by Mr. Kenneth Cork as chairman and other directors included senior industrialists from Britain and Northern Ireland, as well as the Permanent Secretaries of the Departments of Commerce and of Finance), the NIFC attempted to help resolve the major economic problems facing the Province at the time, within the constraints established by the Order in Council upon which it was founded.

A number of these constraints have subsequently been removed, largely due to the efforts of the NIFC itself supported by an independent report prepared by the Irish Congress of Trade Unions. This experience influenced the legislation which established the NEB and the Scottish and Welsh Development Agencies.

It is well known that, following the establishment of these new bodies, a number of lame ducks were imposed upon them by political direction. Similarly, the NIFC was politically directed to take over Ben Sherman and Regna, both of doubtful commercial viability. These accounted for the major part of the losses of the NIFC and subsequently acquired by the N. Ireland Development Agency.

Further, we cannot agree that the NIFC exercised inadequate financial controls over its investments, as implied in your article. Financial supervision within the NIFC included the continuous monitoring of each case by an executive, who regularly reported the results to the Board of members. In turn, the NIFC itself was audited annually by Deloittes and, in addition, was accountable to the Public Accounts Committee through the offices of the Comptroller and Auditor General.

Referring to specific cases, take Strathearn Audio. The original concept of Strathearn as initiated by the NIFC was for a joint venture company having corporate control within the Province. This approach in establishing new industrial projects is widely employed in developing economies throughout the world. Had the original plan for Strathearn been implemented as defined by the NIFC, we believe it would not now be referred to as a "lame duck." We note that the NIFC has been credited with the establishment of Glen Electric, which was a successful business before being taken over by NIDA.

It would be wrong to suggest that the NIFC's decisions were tactical rather than strategic. As a result of certain investigations, the NIFC acted to influence the Province's infrastructure within certain industrial sectors. For instance, it was soon realised within the NIFC that Northern Ireland's metal fabricating industries suffered from geographical disadvantages when compared with the rest of the United Kingdom and Europe. As a result of the NIFC's investment in the steel industry in Ireland, steel became available at a price competitive with the rest of Great Britain. It has been confirmed to us that this continues to apply to-day.

In conclusion, therefore, we feel that the criticisms of the NIFC implied by your article cannot be substantiated. The NIFC has not been discredited, nor did it suffer from weak financial supervision; it was an instrument relevant to the need of its time performing its function in as professional and competent a manner as was possible in Ulster's difficult political, social and economic circumstances.

John H. Watt
(formerly managing director of NIFC).
D. R. Hatfield
(formerly NIFC executive),
H. M. B. Stewart
(formerly NIFC executive),
3, Wilton House,
87, Knightsbridge, S.W.1.

To-day's Events

GENERAL

Balance of payments figures for February.

European Central Bankers end two-day monthly meeting, Basle.

Chief Jeremiah Chirau, President of Zimbabwe United Peoples Organisation (ZUPO), arrives in London for five-day visit, during which he is expected to meet Dr. David Owen, Foreign Secretary.

European Parliament in session, Strasbourg.

Power workers' unions hold joint meeting on pay three days before expiry of national agreement, following their rejection of ...ctricity Council's improved offer.

Private inquiry opens into pay-train guards dispute.

Sir John Methven, CBI director-general, speaks at National Federation of Building Trade Employers' lunch, Royal Lancaster Hotel, W.2.

Mr. Joe Gormley, president, National Union of Mineworkers, is guest speaker at Westminster Chamber of Commerce lunch, Hyde Park Hotel, S.W.1.

Amalgamated Union of Engineering Workers women's conference, Eastbourne.

Housing Corporation announces its national programme for registered housing associations during 1978-79.

PARLIAMENTARY BUSINESS

House of Commons: Conclusion of debate on Defence Estimates. Motion on Industrial Training Levy (Engineering) Order.

House of Lords: Scotland Bill, second reading.

Select Committees: Expenditure (Social Services and Employment sub-committee). Subject: Employment and training in the new unemployment situation. Witnesses: Manpower Services Commission (9.30 a.m., County Hall, Lincoln).

European Legislation (sub-committee 11). Joint meeting with sub-committee of House of Lords Select Committee on European Communities. Subject: Liner Conferences. Witnesses: Department of Trade (10.30 a.m., Room 4).

Nationalised Industries (sub-committee A). Subject: British Airports Authority report and accounts. Witnesses: BAA (4 p.m., Room 8).

COMPANY RESULTS

Brooke Bond Liebig (half-year). Ductile Steels (half-year). Kleinwort Benson Lonsdale (full year). Vosper (full year).

COMPANY MEETINGS

Investors Capital Trust, Edinburgh, 12.30. Norfolk Capital, Norfolk Hotel, S.W., 12. Pleasurama, Park Lane Hotel, W., 12. S.G.B., Waldorf Hotel, W.C., 11.30. Smallshaw (R.) (Knitwear), Hinckley, 12. United Scientific, Howard Hotel, W.C., 12.

COMPANY NEWS + COMMENT

Rolls-Royce Motors up to a record £11m.

AFTER RISING from £3m. to £3.67m. in the first 24 weeks, pre-tax profits of Rolls-Royce Motors Holdings finished 1977 ahead from £8.63m. to a record £11m. on turnover of £121.94m. compared with £104.51m.

Basic earnings are shown at 10.37p (8.79p) per 25p share and fully diluted at 9.7p. The final dividend is 2.4572p net for a 4.2972p (3.8838p) total.

	1977 £000	1976 £000
Turnover	121,940	104,516
Trading profit	11,451	9,112
Loan stock interest	478	478
Pre-tax profits	11,003	8,634
U.K. tax	4,007	2,986
Foreign tax	1,620	1,298
Net profit	5,376	4,350
Exchange losses	508	†497
Extraordinary credits	1,226	—
To minorities	21	11
Interim dividend	967	831
Final (recommended)	1,269	1,135
Retained	3,838	2,849

† Gains.

Direct exports from the U.K. of all products amounted to £45.23m. (£39.62m.) but group turnover in countries outside the U.K. rose from £50.96m. to £59.99m.

Contrary to previous practice the directors have decided, in accordance with ED 21 to remove exchange gains and losses on the translation of net current assets of foreign subsidiaries into sterling from trading profit and to show them instead as a special item. Comparatives have been adjusted.

Mr. I. J. Fraser, the chairman, says the company is investing for growth and the prospects are exciting. Demand for the major product lines is good and 1978 has started with a strong momentum. Expansion programmes initiated in the last three years are starting to bring in the new capacity which will enable the company to meet market demand at a much higher level.

Qualified success

Any constraints are likely to come from the ability to manufacture in the right quantity and at growing rhythms of output, which in turn depends on suppliers sending the right components at the right time. Industrial relations throughout the automotive sector are thus of critical importance.

The year 1977 was one of only qualified success. Production, particularly of cars, was held back by manufacturing problems associated with model changes and this was compounded, later in the year, by labour disputes both in the company's own factories and those of many of its suppliers. As a consequence the opportunity for a useful leap forward was missed. However, thanks to able marketing and rigorous cost control, part of the damage was made good.

The year began with the introduction of the Silver Shadow II and its related long wheelbase version Silver Wraith II. The reception exceeded expectations but the company was not able to meet the subsequent demand because production for the year amounted to only 2,872 cars compared with 3,261 in 1976.

The reasons for the poor output were the manufacturing problems arising from the engineering changes themselves; the disruption of the production brought about by disputes in the supply industry; and the loss of coachbuilt cars caused by a 16-week strike at the Mulliner Park Ward Division in London.

The directors are encouraged by demand and, provided the company remains free of industrial relations problems they see 1978 as a year of new record levels of motor car output.

In unit terms diesel engine sales were 10 per cent. up on the previous year (including military engines and knocked down kits for export) but diesel engine turnover at £31.75m. was 32.5 per cent. higher, due to a better product mix, to cost inflation and to increased sales of spare parts.

For the first half demand for engines was maintained at 1976 levels. During the second half order intake improved to such an extent that despite planning for an upsurge, the division is currently having difficulty in meeting short term demand.

Mr. Fraser says that capital expenditure will continue at the present rate for the next two years under current programmes. Diesel engine capacity continues to be expanded and it is expected that within a few years the turnover in diesel engine products will almost match that of motor cars.

Preparations are under way for the introduction of a successor to the Silver Shadow in some years' time and part of the outlays on this model change has already been incurred but the work is not impeding the continued growth of car-making capacity overall.

SECURICOR

The report and accounts of Securicor for the year to September 30, 1977, have been circulated to members.

HIGHLIGHTS

Rolls-Royce has pushed pre-tax profits some 28 per cent. higher although part of this reflects the run-down of stocks. With the publication of the Barclays Bank annual report Lex discusses the wider aspects of bank disclosure and the possibility of the Leach-Lawson accounting rules being dropped. The column also concentrates on the currency movements yesterday and the stock market implications. A strong all-round performance at Dawnay Day has almost taken half-time profits to the level achieved in the whole of the previous year. Parker Timber gained volume growth, but higher costs left profits lower by more than 20 per cent. while Cement Roadstone has substantially increased its dividend on the back of a 26 per cent. profits gain.

Advance by Merchants Trust

GROSS REVENUE for the year to January 31, 1978 of Merchants Trust rose from £2.19m. to £2.53m., and revenue before tax advanced from £1.95m. to £2.25m.

Earnings are shown to be ahead from 2.31p to 2.65p net per 25p share and the dividend is raised from 2.275p to 2.6p net with a final of 1.6p.

	1977-78 £	1976-77 £
Income	2,468,602	2,121,272
Interest and commisn.	56,992	64,584
Gross revenue	2,525,594	2,185,856
Management expenses	142,039	134,102
Deb. and loan interest	132,124	105,995
Revenue before tax	2,251,431	1,945,759
Tax	879,310	763,580
Net revenue	1,372,121	1,182,179
Pref. dividend	37,107	37,107
Earnings for Ord.	1,335,014	1,145,072
Ord. dividends	1,310,434	1,129,751

At the year end total net assets stood at £45.43m. (£41.85m.) including 100 per cent. of the investment dollar premium — £3.04m. (£3.89m.).

Assets attributable to Ordinary stock (after deducting prior charges at nominal value) were £42.36m. (£38.29m.) equivalent to 84p (77p) per share.

The number of Ordinary units in issue was increased in August 1977 from 49,660,702 to 50,401,304 as a result of the conversion of £493,735 Loan Stock.

At January 31, 1978 the portfolio was invested as to 68.4 per cent. in the U.K., 27.7 per cent. in the U.S. and 3.9 per cent. elsewhere overseas.

Glendevon Inv. sees fall in earnings

Glendevon Investment Trust lifted revenue from £102,886 to £140,714 for the six months to January 31, 1978, subject to tax of £54,494 compared with £41,383, but the directors are forecasting a drop in earnings from 2p to 1.8p per 25p share for the full year.

An interim dividend of 0.75p (0.7p) net has already been announced. The total for 1976-77 was 1.65p and pre-tax revenue came to £257,000.

The net asset value of Ordinary shares stood at 107.8p at the half-year end compared with 114.2p at July 31, 1977.

Downturn at Parker Timber

TURNOVER for the six months to September 30, 1977 at Parker Timber Group rose from £20.11m. to £22.74m. but, after depreciation of £312,000 against £272,000, and interest of £160,000 against £89,000, pre-tax profits fell from £1.74m. to £1.37m. Tax takes £710,000 compared with £906,000.

Profits for all 1967-77 came to £2.74m. and the dividend was 5.445p net. In the annual report members were told that turnover for the first five months of 1977-78 was 12¼ per cent. higher in value, current trading was satisfactory, and a further successful year's trading would be enjoyed.

The directors say the softwood operations have been influenced by the continuing recession in the construction industry, although turnover continues to be satisfactory. By contrast, Parker Timber Plywood is enjoying a high level of business and Parker International a period of strong demand, both with correspondingly improved profitability.

● comment

In spite of weaker soft wood prices, Parker Timber has increased first half sales by 13 per cent. with useful volume growth. But profits—almost 22 per cent. lower—have been hit by the sharp rise in overheads. Nevertheless, the results are slightly better than expected, mainly because of Parker International's export shipping and packing activities (30 per cent. of profits) which have been benefiting from the upturn in trade with eastern Europe. However, with the continuing fall in timber prices (latest Russian softwood prices are down 20 per cent. on a year ago) the company will have to make provision for losses on forward contracts, and full-year profits could drop back by about a sixth to £2.3m. On a full tax charge the shares, at 108p, are on a prospective p/e of 5.8 while the yield of 8.4 per cent. is covered more than three times assuming the maximum dividend.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
C. H. Beazer	int.	1.65	May 15	1.5	—	4
Cement Roadstone		2.99	—	2.6	4.94	4.06
Dawnay Day	int.	0.5	Apr. 28	—	—	1
ION Enterprises		2.5	May 31	2	2.5	2
Merchants Trust		1.6	May 18	1.48	2.6	2.28
Merchants Ware	int.	0.33	Mar. 31	0.33	—	1.3
I. D. and S. Rivlin	int.	Nil	—	1.17	—	1.17
Rolls-Royce Motors		2.46	May 9	2.2	4.3	3.88
Thames Plywood	int.	0.75	—	0.69*	—	1.82*
George Armitage		1.05	—	0.96	1.95	1.76

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Dawnay Day recovers to £0.93m. at halftime

PARTLY REFLECTING a turnround from a loss of £164,000 to a profit of £350,000 in investment banking, Dawnay Day reports a jump in pre-tax profits from £160,000 to £930,000 for the six months to December 31, 1977. Profit for the 1976/77 year was £947,000 compared with £52,000 for 1975/76 and a loss of £1.73m. for 1974/75.

Mr. E. P. Hatchett, the chairman, says that the trading subsidiaries continued to make progress, with profits up from £415,000 to £591,000; part of the improvement, he says, reflecting a much better performance by the food section.

The Target unit trust companies achieved good results he says but the life assurance subsidiary faced more difficult conditions. Lower interest rates led to a marked decline in single premiums in the second quarter but annual premium business has continued to grow.

Investment banking made a material contribution to group profits for the first time for several years, he states. And there is also a significant surplus of £259,000 (£19,000) from the realisation of investments and properties.

After an absence of three years the company is resuming interim dividends with a payment of 0.5p net per 25p share, absorbing £138,000. Last year single payment was 1p. Half yearly earnings before extraordinary items are shown as 2.9p (0.26p) per share.

	Six months 1977 £000	Six months 1976 £000	Year 1976-77 £000
Trading profit	1,066	279	1,193
Trading subs.	391	415	1,071
Unit Trust	145	28	78
Invest. banking	350	*164	49
Parent expenses	108	68	150
Loan interest	48	51	101
Profit before tax†	930	160	947
Taxation	129	88	194
Net profit	801	72	753
Extraord. credits	259	19	66
Making	1,060	91	819

* Loss. † After minority interests in subsidiaries.

● comment

Dawnay Day's investment banking operation has built upon the recovery established last year with interim profits nearly two-thirds up on the previous six months. At £350,000 the profit from banking is still a far cry from the heady days of 1972-73 when that business alone made £2.7m., but after several years of losses banking is again on a firm footing. The trading subsidiaries, which include several varied profit centres—such as paper merchanting, food milling, film supplies, biscuit manufacturing and food importing — have shown another good performance with half-time profits up 42 per cent. on the comparable period. One of the main features has been the recovery in the biscuit subsidiary which made losses in the last two years. Combined with the good figures from the unit trusts, interim profits show a near six-fold increase over the comparable period and almost match the whole of 1976-77's profit. For the current year Dawnay Day could get close to £2m. pre-tax. Taking a line through the interim tax charge indicates a prospective p/e of 5.8 at 36½p, or over 10 on a full tax deduction. Meantime the return to paying interim dividends is encouraging, and the shares yield 6.3 per cent.

Midway slip by Thames Plywood

Despite an increase in turnover from £846,000 to £1,089,000, profits of Thames Plywood Manufacturers slipped from £74,000 to £71,000 for the six months to October 31, 1977 subject to tax of £37,000 against £39,000. Profits include temporary employment subsidies of £47,000 (£72,000).

The directors say they expect second half profits to exceed those of the first. In November they took the view that full-year profits could reach £200,000.

First half figures exclude the results of Technical Panel Industries, a wholly owned subsidiary sold in September 1977. Profits for all 1976-77 came to £736,000, or £232,000 excluding TPI.

The interim dividend is effectively raised from 0.685p to 0.75p net per 25p share. Last year's final was 1.13p.

Thames Plywood is now a subsidiary of Ashley Industrial Trust.

C. H. Beazer confident after mid-term rise

ON TURNOVER of £6.84m. againt £3.29m., C. H. Beazer (Holdings) lifted profits from £322,000 to £389,000 for the half year to end 1977 before tax of £192,000 (£167,000).

The directors say trading conditions remain difficult but the situation is improving and if current trends remain constant they look forward with confidence.

They point out that profits have been struck after writing off the majority of interest charged, unlike 1976 when the majority was capitalised in the equivalent period. This has reduced 1977 profits by something over £100,000.

The interim dividend is 1.65p (1.5p) net per 10p share. Waivers have been received on 2,148,154 shares. Last year's total was 4p and pre-tax profits were £616,000.

The directors report that there have been considerable improvements in both the rate of lettings and sales in all the countries in which the group operates and this trend appears to be continuing.

Since the end of the half year the group has disposed of its remaining French projects.

The private residential building sector continues to make a contribution and barring unforeseen circumstances they believe that in 1978 markets will continue to be satisfactory.

They are widening the area of housing operations although this becomes ever more difficult as the Community Land Act begins to have greater effect.

The operation in Nigeria is maintaining its planned programme.

In the contracting and specialist activities conditions are still proving extremely difficult but it is now possible to see a slightly less difficult market for certain activities and products and the directors expect there to be a small upturn in the general level of operations.

● comment

Comparison between C. H. Beazer's current and previous first half year figures must be treated with some caution, since the group has changed its method of accounting. Instead of capitalising interest in the balance sheet Beazer now writes off interest incurred in the p and l account. As a result pre-tax profits are well over a fifth below what they would otherwise have been. The position is further complicated by the property disposal programme which accounted for some £2.8m. of turnover, and around £200,000 of profit.

At the trading level there seems little to get excited about in the first six months. Beazer has now completed its disengagement from the troublesome French property market, and is now looking forward to a more buoyant second half. The private housing side is showing an upturn. And Beazer is widening its regional spread of housebuilding activities. But the cost of this, together with the replacement cost of land (there is around two years life in the land bank) is high; and £1m. repaid in property borrowing has been offset by a further £1m. funnelled into private housing work. Profits this year could reach £700,000 against £616,000, and at 55½p (up 4½p) the shares stand on a prospective p/e of 8.8 and yield 11.7, fully covered.

Peak £34.7m. by Kodak

IN 1977 Kodak consolidated the progress it made during the previous year, says Mr. Jom Moorfoot, the chairman in a report to employees.

Total sales of goods and services hit records both in the U.K. and overseas, and overall profit margins were maintained, he states.

Sales by the Kodak group reached £224.7m. in 1977—an increase of 22.6 per cent. on 1976. Exports from the U.K. were up by 29.7 per cent. to a record £83.46m.

Earnings, before tax, in 1977 rose by 21.8 per cent. from £28.52m. to £34.75m. Net earnings for the year, after taxes up from £14.96m. to £18.23m., increased from £13.57m. to £16.52m.

Dividends declared for 1977 amounted to £11m., with the balance of £5.5m. retained for use in the business.

Assessing 1977, which the chairman describes as a creditable year, he says the two events "of outstanding significance" had been the launch of "Kodak" instant products in the U.K., and the commencement of development at Annesley—the new site in Nottinghamshire.

Looking ahead, Mr. Moorfoot expresses confidence—reflected in the company's continued high level of investment.

Sterling Trust at least to hold 5.3p

The directors of Sterling Trust tell shareholders in their annual statement that revenue forecasts for the current year indicate that the dividend will be at least maintained.

As already known pre-tax revenue for 1977 rose from £1.24m. to £1.4m. and the amount available for Ordinary shareholders is up from £754,176 to £855,243. The dividend is lifted from 4.65p to 5.3p.

Directors say there was some redeployment of funds from the U.S. to the U.K. during the year and this together with the relative changes in the market values, has been responsible for the proportion invested in the U.S. falling from 40.1 per cent. to 26.5 per cent. Other overseas investments also showed a relative fall from 8.9 per cent. to 6.4 per cent. with the U.K. proportion rising in consequence from 51 per cent. to 67.1 per cent.

The Trusts' balance sheet at the year end shows that investments listed at market values in the U.K. amounted to £26.43m. (£17.73m.) and £13.03m. (£17.87m.) elsewhere. A statement of source and application of funds shows a decrease in liquidity of £601,000 (£317,000). Prudential Assurance Company holds 8.91 per cent. of the equity.

Meeting, Bucklersbury House, EC. on April 5 at 3.30 p.m.

Cement Roadstone 27% higher

ON TURNOVER 18.51 per cent. higher at £134.37m., Cement Roadstone Holdings, Ireland's largest industrial company, lifted pre-tax profits by 26.7 per cent. from £11.66m. to a record £14.77m. for 1977 on turnover 18.5 per cent. higher at £134.37m.

In September, reporting a first half rise in profits from £5.52m. to £6.62m. the directors said they expected full year results to show a reasonable improvement on 1976.

Full year earnings are shown to be up from 14.58p to 17.43p per 25p share and the dividend is stepped up from 4.0625p to 4.94p net with a final of 2.99p. A two-for-three scrip issue is also proposed.

The directors now report that the profits increase was due to a further significant increase in the contribution from overseas interests; some improvement in volumes in the home market aided by continued buoyancy in the agricultural sector; and to greater exports. Cement home tonnage sales increased by almost 1 per cent.

The results reflect the policy of continued heavy investment in plant, they add. In 1977 alone £21m. was spent on fixed investment.

The group's land and buildings have been valued, as at December 31, 1977, by professional valuers. The surplus over book value of £15.7m. has been incorporated in the 1977 balance sheet. Net assets at that date amounted to 123.05p (92.02p) per share.

Group policy in accounting for deferred tax has been altered to comply with ED19 and comparatives have been restated.

Members are told that the group is in a strong financial [illegible] with a ratio of debt to [illegible] holders' funds of 24.6 p[illegible]

	1977 £000
External sales	[illegible]
Trading profit†	[illegible]
Interest	[illegible]
Share of assocs.	[illegible]
Profit before tax	[illegible]
Tax	[illegible]
Net profit	[illegible]
To minorities	[illegible]
Extra-ord. profits	[illegible]
Making	[illegible]
Pref. dividends	[illegible]
Applicable to Ord.	[illegible]
Ord. dividends	[illegible]

† After depreciation £5.3m. and capital grants released of (£197,000).

● comment

Against a fall in U.K. [illegible] deliveries of 6.4 per cent., [illegible] Roadstone's tonnage sales [illegible] land increased by almost [illegible] cent. Overall the group [illegible] its level of production by [illegible] cent. So Cement Roadstone [illegible] tinues to benefit from a [illegible] Irish economy, which has [illegible] push the group's pre-tax [illegible] up by well over a quarter. [illegible] said, the group is a v[illegible] consumer of capital. La[illegible] £21m. was spent, some £[illegible] the Platin cement plant [illegible] ment, now coming on stream [illegible] £8m. on plant replac[illegible] Another £15m.-£20m. investment programme scheduled for the current [illegible] which includes development [illegible] old cement works at Dr[illegible] The overall increase in [illegible] has yet to be reflected [illegible] working capital. When th[illegible] pens borrowings may well [illegible] a sizeable jump from the [illegible] £25m. Meanwhile the sh[illegible] 127p (up 6p) stand on a [illegible] 7.1 and yield 6.1 per cent., [illegible] three and a half times.

Rivlin loss but sees recovery in 1978-79

External turnover of I. D. and S. Rivlin Holdings, importer, wholesaler and retail distributor of clothing and textiles, was ahead at £5.91m. against £5.31m. but the company incurred a pre-tax loss for the half year to October 31, 1977, of £117,600 compared with a profit of £201,000 last time. Profit for the 1976-77 year was a depressed £66,293.

The directors say that it is not now anticipated that the second half will enable a recovery to be shown for the full year. But they consider that if trends for the second half continue, there should be a return to profitability in the 1978-79 year.

There is no interim dividend this time compared with 1.17p—there was no final payment last year. Tax for the six months took £8,000 (£98,500) and the loss came out at £127,900 (£100,600 profit) after minorities.

Turnover was split as to wholesale (including manufacturing) £5.13m. (£4.65m.); and [illegible] £2.09m. (£2.31m.) less int[illegible] pany sales £1.31m. (£[illegible] Directors say that excludi[illegible] sales of shops which hav[illegible] closed since October 31, [illegible] there was a 5 per cent. [illegible] retail sales during the peri[illegible]

There has been a mark[illegible] provement in sales since [illegible] ber and Christmas tradin[illegible] much better than last yea[illegible] closing of shops which ha[illegible] come uneconomic has [illegible] longer than anticipated, th[illegible] but the policy is proceedin[illegible] fast a rate as is commen[illegible] with restricting closure los[illegible] a reasonable level.

The wholesale and imp[illegible] division has not yet felt th[illegible] benefit of lower interest [illegible] and the improvement in the [illegible] of the pound. Due to the [illegible]

Previews of the autumn [illegible] winter 1978 ranges have [illegible] very well received and cust[illegible] orders placed are consid[illegible] higher than last year, they [illegible]

Barclays looks to industry for action

LOWER interest rates seen ... he latter half of 1977 will, the ... ctors of Barclays Bank hope, ... ide an incentive for industry ... onsider if the climate is now ... e propitious for both long- ... capital investment and ... t-term replenishment.

... his review of the group's ... division's operations Mr. ... othy Bevan, chairman of ... lays Bank U.K. Management, ... there was relatively little ... and for new advances last ... and thus lending in real ... s was generally static, show- ... only a modest increase in ... ey terms.

... he directors priority was to ... ide assistance to industry but ... he year end utilisation of the ... facilities marked for ... strial customers remained ... at around 50 per cent. com- ... d with a high of 64 per cent. ... 974, he reports.

... owever, there was a growing ... and for medium-term lending ... ed, in appropriate cases, to ... ey market rates rather than ... onventional base rate.

... he area where the lending ... ts marked and their use did ... and was in the agricultural ... or. Here the facilities avail- ... at December 31 approached ... m.

... ontinuing the previous year's ... ern the rate of new provisions ... n declined and the property ... or is now less worrying, he ... ments.

... he drop in the base rate from ... er cent. to 6 per cent. during ... had an adverse effect on ... estic branch profits during ... second half and the increase ... per cent. for the last four ... ks was too late to make much ... act. Even so, profits of the ... division as a whole were ... factory, Mr. Bevan explains.

... creasing costs combined with ... ng interest rates have caused ... directors to take a close look ... he bank's branch network, he ... s. As part of this reappraisal they aim to reap the benefit of substantial capital spending on capital spending on automation, such as Barclaybank, and to realise the potential benefits arising from electronic fund transmission systems.

Mr. Bevan stresses that any alteration to the branch network will be implemented over a period of years and the directors do not contemplate closing one-fifth of the branches, as some people had suggested.

The group provided an increasing amount of export finance in 1977, having agreed, under the Government's long- and medium-term scheme, to make over £200m. additional finance available during the year to the end of March, 1978, and further substantial increase thereafter.

Working capital

As reported on February 24, group taxable profit jumped £69.7m. to £267.6m. for 1977. The net dividend is lifted to 11.1282p (9.8924p) per £1 share including an additional 0.0791p in respect of 1976.

At year end deposits and customers current accounts were higher at £19.85bn. (£17.25bn.) and advances and other accounts at £14.86bn. (£12.72bn.). Cash and short-term funds stood at £4.17m. (£3.81m.) and working capital was up £116.2m. (£1.19m.).

Under the Hyde Guidelines for inflation accounting profit would have been reduced to 177m. (£124.8m.) after a maintenance of monetary working capital adjustment of £69.6m.) (£60.5m.), additional depreciation of 8.2m. (£5.7m.) and a reduction of share of associate profits of 12.8m. (£6.9m.).

Profit of the international group was ahead from £8.6m. to £113.3m. Deposits and customers current accounts amounted to £10.36bn. (£8.56bn.) and advances and other accounts £7.99bn. (£6.48bn.).

For the year to September 30, 1977 Barclays Merchant Bank expanded pre-tax profit to a record £9.7m. (£7.4m.). Despite intense rate competition its acceptance credit facilities showed a satisfactory increase and these trends continued into the first three months of its current year.

The Trust company achieved improving results following the previous year's re-organisation. The business of Barclays Life made particularly satisfactory progress back by good investment performance of Unicorn Trust in which much of the Life Fund is invested.

Monthly premiums reached £1m. in April last year, and at year end Life Fund assets exceeded £60m. (£40m.). The directors of the trust company look forward to the current year with confidence.

For the purposes of rationalisation Touche Ross and Co. have submitted their resignation as one of the auditors to the bank. Auditors Price Waterhouse and Co. are to remain in office.

The group has formed an audit committee to make recommendations about its accounting policies and to review financial control systems.

Barclaycard had an excellent year with a considerable advance in turnover and good profits. Rapid growth in card usage, both within the U.K. and internationally, confirms the directors view that it will become more important as a means of debt settlement and may develop into a multi-purpose transaction card—a cheaper rival to the cheque, Mr. Bevan says.

In the autumn the group's practice in relation to merchant service charges was referred to the Monopolies Commission. The directors welcome this investigation and await the outcome with confidence, he states.

The Price Commission is expected to report, before March 31, on bank charges for money transmission services with particular regard to current accounts, following its sectorial examination of the banking industry.

Succesful year

In the international division the corporate finance department, which is involved in medium-term Eurocurrency loans and placing and dealing in Eurobonds and note issues, has a successful year, says Mr. Anthony Tuke, chairman of Barclays Bank International.

The European operations of the division performed well in almost all European countries in spite of increasing credit restrictions and higher costs.

In October the division took over Hambros Bank's Hatton Garden branch which plays an important part in the diamond business.

During the year a branch was opened in Seoul, Korea, and another in Manila in the Philippines, and the division purchased a 20 per cent. interest in Korea Merchant Banking Corporation from Lazard Brothers and Co.

It also acquired a 50 per cent. interest in FNCB-Waltons Corporation in Australia from Citibank NA, and Jardine Barclays bought a 30 per cent. holding in Bangkok Investment Company.

Following a public share issue, under an agreement with the national government, some 51 per cent. of the equity in Barclays Bank of Trinidad and Tobago was sold.

In Jamaica the government bought the whole issued capital of Barclays Bank Jamaica and this company will eventually acquire the other Jamaican subsidiary Barclay Finance Corporation.

A further CR$25m. was injected by the group into its Brazilian associate Banco de Investmentos.

Clydesdale Bank up £3.24m. to £14m.

...-TAX profit of Clydesdale ... k, a wholly owned subsidiary ... Midland Bank, rose from ... 81m. to £14.05m. for 1977, and ... r tax of £7.76m. against ... 6m. net profit emerged as ... 9m. compared with £4.75m.

... he dividend is lifted to 21.296 ... cent. (19.36 per cent.) for the ... r with a 12.296 per cent. final. ... idends absorb £1.37m. ... 24m.) and there is a retained ... fit of £4.93m. (£3.5m.). Share- ... ders' funds totalled £55.25m. ... 0.34m.) as at December 31, ... 7.

Fairey wound-up

The Fairey Company, formerly ... rey Aviation, one of the ... neers of the British aircraft ... ustry, was compulsorily wound ... in the High Court yesterday. ... company has been in ... iversship since last October. ... he order was made by Mr. ... tice Slade on a petition by ... company's solicitors, Ashurst Morris Crisp and Co., claiming £378 unpaid fees.

Fairey's Board had passed a resolution approving the petition.

There was one supporting creditor for B.Frs.125m. Mr. William Stubbs, counsel for the petitioners, said that most of the company's assets had been sold, but with an estimated deficit of £5m. for unsecured creditors.

Drayton Commercial

Mr. Philip Shelbourne, the chairman of Drayton Commercial Investment Company, tells shareholders in his annual statement that 1977 was a difficult year for many U.K. companies with overseas operations as a result of the strong performance of sterling in relation to other major currencies. Its effect on Drayton, he says, was to cause a partial reduction in the value of overseas earnings and assets in terms of sterling. And in the case of the latter, this has been compounded by a decline in the level of the investment currency premium.

As already known pre-tax revenue for 1977 rose from £1.82m. to £2.05m. and the dividend is lifted to 4.5p (4p).

Net revenue available for Ordinary shareholders rose by 16.2 per cent. to £1.23m. and was achieved despite the sharp decline in U.K. interest rates and the current restriction on dividend increases, Mr. Shelbourne says.

Investments listed at market value in the U.K. rose from £21.35m. to £30.61m. and overseas fell from £19.76m. to £13.7m. The chairman says that the reduction overseas was also due to sales of foreign securities, the proceeds of which were used to repay the dollar loan on termination of the facility. Mr. Shelbourne adds that the directors have decided not to renew the loan, bearing in mind the high cost of borrowing dollars and the effect this would have on the company's revenue account.

Despite the change in Exchange Control Regulations, ending the 25 per cent. surrender requirement, Drayton does not expect an early abolition of the premium altogether. The Trust's overseas investments will therefore continue to be financed by means of investment currency.

Meeting, 117, Old Broad Street, E.C., April 3 at 2.30 p.m.

Isle of Man Enterprises over £70,000

An advance in taxable earnings from £64,186 to a record £70,839 was achieved in 1977 by Isle of Man Enterprises, holiday camp operator and subsidiary of Nicholson Investments. Turnover improved by £15,071 to £172,839.

At halftime when there was an increased loss of £15,752 (£11,830) due to higher maintenance and other expenditure, the directors said they expected an increased contribution from holiday season bookings at Rentachalet in the second half.

Earnings per 20p share for the year are stated at 5.15p (5.02p) and the net dividend is stepped up to 2.5p (2p).

● HEPWORTH CERAMICS/JOHNSON-RICHARDS

The attraction of tiles

BY CHRISTINE MOIR

ON YESTERDAY'S announcement that Hepworth Ceramics has invited Johnson-Richards Tiles to bid talks J-R's market value rocketed from £18.4m. to £25m.

Of course there is a long way to go before an actual bid is launched and some opposition from the J-R Board must be expected. At present the Board is reserving its position but Mr. J. A. Done, the new chairman (who only took office last September after the death of the prevous chairman) has only just completed a management and organisational restructuring, designed particularly to put J-R back into acquisitive mood.

On the other hand there is unlikely to be any resistance in principle fro mthe ma jor outside shareholder, London Brick. LB bought its 9.8 per cent. stake some thre years or more ago with the aim of establishing trading links so that it could utilise JR's distribution network. In the event LB undertook its own overseasc development and yesterday its managing director, Mr. M. O. Wright, explained that the stake is no longer so relevant. Mr. W right rules out any bid for JR from London Brick itself.

Outside factors

At this early stage it is impossible to tell whether any outside factors—such as an alternative bidder or a Monopolies Commission reference—will muddy the issue but, in the meantime, it is clear that Hepworth has both muscle and industrial logic on its side.

A bid for J-R, even at the upper end of the price range, is well within Hepworth's capacity. Next Monday Hepworth is due to release its figures for 1977. They are widely expected to show cashflow running at around £20m. a year and net cash balances of at least £20m. (Pretax p rofits should be £26m. plus compared with £18.9m. last time.)

This comfortable position must be seen against the background of Hepworth's recent investments which have included a £50m. three-year modernisation and expansion programme, a £15m. stake in a jont venture in Ireland with Cement-Roadstone for a seawater magnesia plant, and the £8m. purchase of a major U.S. large clay pipe manufacturer, W. S. Dickey.

Scope for expansion

The acquisition of Dickey is typical of Hepworth's policies. Dickey was a big established company. It was self-financing from the start—the purchase price was raised through a dollar loan with the interest covered by existing depressed profits—and it offered scoep for substantial expansion within the field of clay technology which is Hepworth's speciality.

Johnson-Richards is a big established company in its field. It controls some 65 per cent. of the U.K. market for ceramic wall and floor tiles. It is already making comfortable profits. Half year figures show pre-tax profits improved by over 40 per cent. through wider margins. It is already expanding into Europe and overseas in places such as Malaysia. It also has a U.S. subsidiary, albeit loss making, which could tie in with Dickey. Its business, like Hepworth, is dependent on clay.

The real attractions of the real, however, is that it would diversify Hepworth out of pipes and refractories. Hepworth is already the world's largest clay pipe maker. It controls virtually the whole of the U.K. market in its product (though this gives it something under half the entire pipe market which takes in concrete and plastic pipes). It is also number five or six in the world amongst refractories manufacturers.

Both Hepworth's major businesses show little chance of organic growth for some time linked as they are to the depressed steel and construction industries. Of course, Hepworth could grow by further acquisitions in these fields—obviously abroad, but J-R offers a little extra.

The tile business both fits in well and broadens Hepworth's scope. The main tile outlets and markets are the same as Hepworth's—to builders' merchants in the U.K., Europe and N. America. But the ultimate market is decoration and renovation by individual consumers, not the trade. Because of this tiles could provide Hepworth with a useful defence against the depressed industries for the central products.

Two snags

There are two snags, however. The tile market internationally is highly competitive with the main competition coming from low cost countries such as Italy and Spain which have made big inroads on the British and European markets. And there is a decided element of fashion involved. No one can be certain whether ceramic tiles will continue to maintain their current vogue particularly as they are more expensive than other wall and floor coverings. Obviously this a risk Hepworth has already discounted.

BIDS AND DEALS

Bishopsgate Prop. cuts debt

Bishopsgate Property and General Investments is to reduce by over DM20m. its DM46.5m. (£11.9m.) Floating Rate loan facility. This is to be achieved partly through the sale by Hillgate GmbH, a 50 per cent. owned German associate, of its sole property, and partly by the purchase of a further DM12.79m., which will be bought out of the company's sterling balances and which will also be set against the loan.

The sale involves a development site in Stuttgart which, after allowing for outgoings and expenses associated with winding up the German company, will result in Bishopsgate receiving a sum of DM8.5m. (approximately £2.17m. at current exchange rates). This figure compares with a book value of £2.34m., as at December, 1976.

The company has been allowed by the Bank of England to buy the DM12.79m. at the official market rate, rather than go through the investment dollar premium.

The latest moves represent an important step towards reducing the company's overall burden of debt. The loan, which was renegotiated in July last year, will now stand at approximately DM26m., repayable at the end of the current calendar year.

The share price of Bishopsgate remained unchanged last night at 6p, which compares with a peak for 1977-78 of 9½p and a low of 2½p.

AGB TRANSACTIONS IN EUROPE

AGB Research announces that its wholly-owned Dutch subsidiary Intomart BV has completed the acquisition of 6 per cent. of the capital of LCM Graman Spa (registered in Italy) for L3m. (some £1,800) and has also acquired 10 per cent. of the capital of Organisation Graman SA (registered in Liechtenstein) for £88,200. The consideration in each case has been in cash.

As a result of these transactions AGB now holds directly and indirectly 50 per cent. of LCM and 50 per cent. of Organisation Graman. Mr. G. B. Audley and Mr. D. A. Brown represent AGB on the Boards of both of these companies.

MOTOR TRADER HAS 15% STAKE IN W. J. REYNOLDS

A stake of almost 15 per cent. has been built up by a Mr. T. J. Clements and associates in W. J. Reynolds, the Dagenham motor distributor which last week received a surprise take-over bid from fellow Ford main dealers Manchester Garages.

Mr. R. W. Marsh, the chairman of Reynolds, said yesterday that the preference of the Board—who together are understood to hold around 28 per cent. of the equity—was to remain independent, but that the directors were reserving their judgment on the Manchester Garages bid until the formal documents are posted.

However, if the bid is contested, the shares held by Mr. Clements—described as "a successful motor trader"—could prove vital.

Rediffusion's £4½m. expansion

Rediffusion, the television manufacturing and rental subsidiary of British Electric Traction, has agreed in principle to pay a cash sum of around £4.5m. to acquire Good Listening, the major trading subsidiary of British Photographic Industries—a public but unlisted company.

Good Listening has nearly 50,000 television rental contracts and owns 37 freehold or leasehold shops throughout the country, as well as a freehold factory in Bournemouth. However, a spokesman for British Photographic, whose remaining interests will include a "small discount finance company," said last night that Good Listening had not made a profit "for a number of years."

SHARE STAKES

Regional Properties—Friends Provident Life Offices has acquired 484,437 Ordinary shares making total holding 488,937 (19.4 per cent.). In addition it has acquired 687,343 "A" Ordinary shares making total holding 892,843 (5.6 per cent.).

Dares Estates—Peter D. Jackson, a director and substantial shareholder, sold 25,000 Ordinary shares at 8½p on February 27.

Tesco Stores—Sale is announced of 718,956 shares being non-beneficial shares of a charitable trust of which Sir John Cohen and Mr. H. Kreitman are trustees. Prices were 300,000 at 38½p and 418,956 at 38p.

Brittains—Gerard Finance Holdings holds 1,134,000 shares (9.99 per cent.).

William Jacks and Company: William Jacks and Company (Malaya) Berhad has increased its holding from 48.35 per cent. to approx 50.20 per cent in the Ordinary capital by the purchase of 100,000 Ordinary shares. William Jacks and Company (Malaya) has informed William Jacks and Company that this increase does not signify any change in the policy with regard to its investment which it has held for many years.

Isle of Mann Enterprises: Nicholson Investments has acquired 4,066 shares during the last four months and total holding 865,068 shares at February 28 (72.09%). Total holding of all directors and their interests 883,144 shares (73.9%) at February 28. Overall reduction due to transfer of 8,150 shares belonging to the late Mr. J. E. Kerruish into the hands of his executrix.

Peachey Property Corporation: Lord Mais, director, bought 6,000 shares on March 10 at 75p.

FEEDEX TO BUY HATCHERIES

Negotiations are at an advanced stage for Feedex, the Humberside agricultural group, to acquire Hammerton Hatcheries and completion of the deal is now only subject to contract.

Mr. Rex Kingsley, group managing director of Feedex, said it was a logical extension to the group's other activities—animal feeds, livestock production and agricultural engineering—and broadened the agricultural base on which the company had been built.

Mr. John Atherton will continue as managing director of Green Hammerton Hatcheries.

CHOULARTON SELLS 25% OF CABLEFORM

C. P. Choularton, Sons and Partners have sold 24.95 per cent. of Cableform to about eight institutional investors for £0.7m., but is retaining a 7.86 per cent. stake. Choularton placed the 1.2m. shares at 58p per share (compared to the middle price of 62p in the market) to improve its "internal banking liquidity."

The deal is another example of Mr. Cyril Choularton's disengagement from public companies. In May last year his company Ashley Industrial Trust sold its 61 per cent. stake in Reliance Knitwear and he relinquished the chairmanship.

Then in August, a bid was received for Thames Plywood in which Mr. Choularton's company had 55 per cent. But, following a partial reconstruction, the rump of Thames Plywood became 82 per cent. owned by one of Mr. Choularton's companies. The shares are suspended while the reconstruction is completed.

In the current case of Cableform, Mr. Choularton is to remain chairman and his partnership will continue to act as secretaries and advisers to the company.

Mr. Choularton said yesterday that Cableform had become big in relation to the partnership's net assets and he wanted to use the funds to develop the banking business.

Cableform manufactures control gear for battery electric vehicles and trucks. Its pre-tax profits jumped from £53,000 in 1975/76 to £343,000 the following year. In the latest six month period, profits jumped yet further to £370,000 and the company made a dividend boosting rights issue.

MINING NEWS

Transvaal coal owners seek new markets

BY QUENTIN PEEL

JOHANNESBURG, March 13.

COAL PRODUCERS in South Africa are pressing ahead with plans to increase substantially their export trade, in spite of the current oversupply on the world market.

The second phase of the huge Richards Bay bulk cargo harbour complex is expected to be completed by October, increasing capacity there from 12m. to 20m. tonnes a year. But already major coal producers are contemplating expansion to raise coal exports to 40m. tonnes by 1983-85. Provisional export permission has been granted.

Mr. Alan Tew, managing director of the Transvaal Coal Owners' Association—the organisation co-ordinating South Africa's coal export effort—expects the bulk of the long-term increase in demand to come from Europe and the U.S., with possible improvements also in the Japanese market and some penetration into South America.

Of the current 12m. tonnes of exports, France is the biggest customer, taking 4m. tonnes, followed by Japan with some 2.2m. tonnes, and Italy and the U.S. with 750,000 tonnes each.

Japan, however, wants to cut back on its coal imports by some 500,000 tonnes, according to reports here, because of the depressed state of its steel industry, and there is concern over the likely effect of EEC plans to protect its internal steam coal traffic.

The TCOA hopes that the lessons of the U.S. coal strike may persuade the EEC not to take any action which might prejudice the steady flow of South African coal.

In the immediate future the brightest prospects for South African exports are also in politically friendly countries. Israel has tentatively agreed to buy between 500,000 and 800,000 tonnes a year, possibly rising to 1m. tonnes, for its Hadera power station.

The other hopes are Taiwan and South Korea, in both of which the TCOA has had recent sales and technical missions. But the salesmen remain extremely cautious both about details of current contracts and the hopes for new ones: "South Africa could be in a difficult position if we started talking about what we were doing," according to a TCOA official.

In his annual statement last week, Mr. Graham Boustred, the chairman of Amcoal, disclosed that talks had taken place with South African Railways, who planned to experiment with longer unit trains to determine how much more coal could be handled over the existing line.

The Richards Bay Harbour Company was also undertaking preliminary studies "to determine the optimum method of expanding the coal terminal facilities from 20m. to 40m. tonnes, and a first estimate of the cost involved," Mr. Boustred said.

CARAJAS HIT BY DELAYS

The apparent lack of immediate resources has caused delays in the Carajas iron ore project in the Amazon, putting back the start of production from 1979 to 1984, writes Diana Smith from Rio De Janeiro.

The project is operated on a wholly Brazilian-owned basis by Amazonia Mineracao, a subsidiary of Companhia Vale do Rio Doce, which bought back U.S. Steel's shareholding some time ago.

The venture is an ambitious one involving an initial production of 10 to 15m. tonnes a year and a total investment of $1.49bn. (£788.3m.) if output is increased to 20m. tonnes a year.

The deposit is rich and 83 per cent. of the ore is high-quality sinter-feed type, making it competitive on the U.S., Japanese and European markets.

CENEX CLINCHES URANIUM SALE

Armed with a contract to sell uranium oxide at $45 a lb. a price which indicates new high levels for nuclear fuel contracts, Cenex, the small Canadian company, is seeking to put together a $C5m. (£2.3m.) finance package for the development of its property at Cinch, near Uranium City in Saskatchewan.

The contract, which is subject to Government approval, is for 240,000 lbs to be supplied to a New Jersey power utility. If Cenex is successful in bringing its property to production, ore will be trucked 11 miles to an Eldorado mill for treatment.

Elsewhere in the province, Gulf Minerals Canada has encountered uranium mineralisation a mile away from its previously disclosed Collins Bay deposit. Ore intersections have been found in 85 holes extending over a length of 1,800 feet and a width of 200 feet.

About a half of the mineralised area is under the water of Collins Bay.

Work on defining the dimensions of the deposit continues, but Gulf stated there was insufficient information to estimate the magnitude and viability of the resource.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Brooke Bond Liebig, Ductile Steels, Fairview Estates, Samuelson Film Service, Second City Properties, Stothert and Pitt.

Finals—East Lancashire Paper, Fairclough Construction, Federated Land and Building, General Mining and Finance, Globe and Phoenix Gold Mining, Grindlays Holdings, Kleinwort Benson Lonsdale, Lambert Howarth, Pentos, Swedish Match, Unisec, United Biscuits, Vosper.

FUTURE DATES

Interims:—	
Bejam	Mar. 22
Chambers and Fargus	Mar. 20
Howden Group	Mar. 23
Lister	Mar. 17
Low (William)	Apr. 19
Mitchell Cotts Group	Apr. 4
Waring and Gillow	Mar. 15
Finals:—	
Anglo-American Industrial	Mar. 16
Bemrose Corporation	Mar. 21
Boddingtons Breweries	Mar. 21
Brown and Jackson	Mar. 23
Jones (A. A.) and Shipman	Mar. 22
Mackay (Hugh)	Mar. 23
Norvic Securities	Mar. 15
So'ton I. of W. Steam Packet	Mar. 21
Tate of Leeds	Mar. 29
Telephone Rentals	Apr. 26
Turner (W. and E.)	Mar. 21
Williams and James (Engineers)*	Mar. 20

* Amended.

PROFITS BOOST FOR DOME

On the back of the higher trend in the bullion price, Dome Mines, the Canadian gold producer, last year boosted net income by 87 per cent. to $C34.6m. (£16.2m.) from $C18.46m. Earnings per share were $C5.80 against $C3.06, reports John Soganich from Toronto.

The figures consolidate 57 per cent. owned Campbell Red Lake Mines, where net profits were 47 per cent. higher at $C11.13m. (£5.16m.) and 63 per cent. owned Sigma Mines (Quebec) where 1977 earnings were more than doubled over 1976 at $C2.08m. (£974,000). The results also take in a 26 per cent. share in Dome Petroleum.

Although Dome had to come to terms with higher operating costs, bullion revenue rose to $59.06m. from $C46.7m. This reflects the recent buoyancy of the Canadian gold mining companies. Dome shares on Canadian exchanges have laterly been trading just under their 1977-78 high.

Merchants Warehousing headway

After voluntary severance payments of £29,822, Merchants' Warehousing Company, of Dublin, turned in taxable profits of £227,396 for the 24 weeks to December 10, 1977, compared with £214,819 last time.

The directors say that there will be a slight overall improvement on the 1976-77 year, when the company reported a downturn from £375,798 to £326,579 after voluntary severance payments of £65,248 (nil).

The interim dividend is maintained at 0.325p net per 25p share—last year's final was 0.975p.

The company is presently extending its cold storage and conditioned storage facilities and a major exercise in re-equipping the grain discharging plant is well advanced. Negotiations regarding revised manning levels are progressing, the directors say. It is anticipated that these projects will be completed by the end of the current year.

Because of the work being carried out in the grain department, intake facilities will be restricted for a considerable part of the second half and a loss is anticipated in this department. The current level of activity in cold storage is satisfactory, they add.

	24 weeks 1977 £	1976 £
Trading profit	217,334	183,034
Interest received	39,854	31,785
Exceptional debit†	29,822	—
Pre-tax profit	227,396	214,819
Net profit	125,298	107,819
Interim dividend	19,500	19,500

† Voluntary severance payments.

Rescue scheme by Drummond Investors

By Eric Short

Drummond Investors, the investment company at present subject to a petition for winding-up, is putting forward a scheme of arrangement for the approval of its creditors. Mr. Robert Reid, counsel for the company, told Mr. Justice Slade in the High Court yesterday it was hoped to have the scheme ready by next Monday.

The petition against Drummond was brought by Mr. and Mrs. Stanley Swift of Weymouth, who are claiming £2,000 which they say was paid to the company for investment with Property, Equity and Life Assurance Company. They are supported by four other creditors.

No details were released of the scheme but Mr. Colin Nixon, for one of the supporting creditors, said that the outline scheme of arrangement proposed by Drummond was well worth investigating. The judge granted a seven-day adjournment of the petition.

If a detailed scheme is ready for next week's hearing, then there would most likely be a further adjournment for the company to call the necessary meetings seeking the approval of creditors for the scheme.

Note:—Drummond Investors was associated with Drummond Assurance Society, the friendly society which was banned last week by the Chief Registrar of Friendly Society from taking new business. One reason given for this ban was that the society lacked independence and had officers in common with Drummond Investors.

OIL AND GAS NEWS

Alberta oil sands lure Japanese

JAPANESE INDUSTRIES have decided to invest a total of Y23.6bn. (51.5m.), over the next 15 years in an international venture to develop oil sands in Canada's Alberta province.

Quoting government sources, Kyodo, the Tokyo news agency sai dthe government has approved Japanese participation. It said the investments would be channelled through either Japan Oil Sands Co. (JOSCO) or a new investment company to be set up jointly by the governmental Japan Petroleum Development Corp. and other business interests, including oil refining, electric power and trading companies.

Oil sands spreading over 5,000 square km. are believed to contain 160bn. barrels of oil, but existingf methods to extract oil from the tar sands are still expensive and inefficient.

Kyodo said that under long-range policies, the government considers investment in oil sands development worthwhile because of the persistent rise in international oil prices and the expense of developing substitute energy sources.

* * *

Commercial exploitation is due to start this week from two oil wells off the eastern shelf of the Gulf of Suez, near A-Tur, reports L. Daniel from Tel Aviv. The licence to drill was granted by Israel to foreign interests but the oil is to be shipped by tanker to Eilat for use in Israel's refineries.

The two wells, Alma II and III, are expected to produce between 10,000 and 12,000 barrels a day. The production possibilities of another well, Alma IV are being explored and the results should be known within a fortnight according to Mr. Y. Lior, the Israeli commissioner.

On the other hand, prospecting for oil off the northern shore of Sinai, in the area of El-Arish, has been halted while the results are being evaluated. So far, $11... have been invested in this area. The chartered British vessel has completed its one year contract and is currently in port at Ashdod.

Halting of the drilling at El-Arish does not mean that prospecting there will be stopped altogether, Mr. Lior stressed, adding that the government has allocated funds for prospecting in the 1978/79 budget.

He further disclosed that foreign companies are showing "great interest" in oil prospecting in Israel and that he is engaged in negotiations with a "number of people" on future exploration.

TALBEX/WARREN

Talbex Group in response to its offer has received acceptances in respect of 1,074,898 James Warren and Co. Ordinary shares (72.01 per cent.) and 113... Preference shares (84.01 per cent.). Included are acceptances of the cash alternative in respect of 53,786 Warren Ordinary shares (3.54 per cent.).

Both offers are unconditional and remain open. The cash alternative has closed.

MONEY MARKET

Extremely large help

Bank of England Minimum Lending Rate of 6½ per cent.
(since January 6, 1978)

Day-to-day credit was in short supply in the London money market yesterday and the authorities intervened by buying Treasury bills and local authority bills which totalled an extremely large amount. The market was faced with bank balances run down from Friday and the settlement of Friday's sales of Gilts. There was also an excess of revenue payments to the Exchequer over Government disbursements and the monthly adjustment of call on special deposits. On the other hand there was little comfort to be gained from a number of maturing Treasury bills.

Discount houses paid 6¾-6½ per cent. for secured call loans at the start and closing balances were taken around 6-6½ per cent. although it was suggested that some may have had to pay over MLR for funds at one stage.

In the interbank market, overnight loans opened at 6¼-6½ per cent. and firmed steadily before jumping to 8-10 per cent. However, conditions eased towards the close and rates fell to ... per cent. Short term interest rates showed a firmer tendency with the yield on one month Sterling certificates of deposit increasing to 6⅝-6½ per cent. from 6 15/32-6 7/16 per cent.

Rates in the table below are nominal in some cases.

Mar. 13 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills
Overnight	—	8-10	—	—	—	6¾	6-6½	—	—	–
2 days notice	—	—	6¼-6⅜	—	—	—	—	—	—	–
7 days or 7 days notice	—	6 7/16-6 9/16	6¼-6⅜	—	6⅜-6⅞	6¾	6-6⅜	—	—	–
One month	6⅝-6½	6⅜-6½	6¼-6⅝	6⅝-6¼	6⅝-6⅞	6⅞	6	5 27/32-5⅞	6 3/16-6¼	7
Two months	6⅝-6 7/16	6⅝-6 11/16	—	6½-6¼	6¾-7	—	6	5⅞-5 13/16	6 5/16	7
Three months	6 11/16-6⅝	6 11/16-6 13/16	6⅝-6¾	6¾-6⅝	7-7¼	7⅛	6¼	5 31/32-5 15/16	6⅝	7
Six months	7¼-7⅛	7 3/16-7 5/16	7-7¼	7-6⅝	7½-7¾	—	—	—	6 13/16	7¼
Nine months	7 11/16-7 9/16	7¾-7⅞	—	7⅝-7⅜	8¼	—	—	—	—	–
One year	7⅞-7¾	8-8⅛	7¾-8	8-7⅝	8½	—	—	—	—	–
Two years	—	—	8⅞-9	—	—	—	—	—	—	–

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10-10¼ per cent.; four years 10¼-10½ per cent.; five years 10½-10¾ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6¼-6⅜ per cent.; four-month trade bills 7¼ per cent.

Approximate selling rates for one-month Treasury bills 5¾-5 25/32 per cent.; two-month 5 15/16 per cent.; and three-month ... per cent. Approximaet selling rate for one-month bank bills 6 11/16-6¼ per cent.; two-month 6 5/16 per cent.; and three-month 6¼ per cent. One-month trade bills 6¾ per cent.; wo-month 6¾ per cent.; and also three-month 6¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice): 3 per cent. Clearing Bank Base Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.9139 per cent.

Barclays 1977

Satisfactory profit progress in an unsettled world.

The Annual General Meeting of Barclays Bank Limited will be held in London on April 5, 1978. The following are extracts from the address to the Stockholders by the Chairman, Mr Anthony Tuke, for the year 1977.

Our profits, at £267.6 million, are satisfactory with nearly half arising from our international business. These profits will probably be criticised by some people but it is right to point out that they provide a return after tax and minorities of 8.7 per cent on our capital and reserves – not out of the way in a comparatively prosperous free economy or when measured against the results achieved in other sectors of industry and commerce.

In line with the majority of the larger banks in the world, we have moved ahead on the international side and this has helped to offset the recent fall in the profitability of our branch banking business in this country which, in 1973, provided about 68 per cent of our total profits. The figure is now nearer 40 per cent and the main reason for this reduction is that, during the last five years, the commissions which we have been able to obtain on day-to-day domestic banking transactions have consistently fallen short of their cost. Until recently, the full effect has been masked by exceptionally high rates of interest which may not be seen again for many years. On the other side of the coin, one must bear in mind that conditions which work against the branch banking network favour Mercantile Credit and Barclaycard; both benefit from a fall in interest rates and have produced excellent results.

United Kingdom

In the United Kingdom the outstanding feature of the economic background over the past year has been the dramatic, indeed unprecedented, improvement in the country's finances. The recovery in sterling and the associated fall in interest rates are attributable primarily to the tighter control exercised over government spending and its close relation, the money supply. Without this, the contribution to our balance of payments made by North Sea oil, like that of North Sea gas in recent years, would have generated little confidence in sterling and the pound would also have gained relatively little from the weakness of the dollar. A price has obviously to be paid for stricter financial discipline. With the world economy offering little stimulus, the tightening of fiscal and monetary policies has had an adverse effect, for the moment at least, on United Kingdom private sector activity as a whole. This has been reflected in a quiet demand for finance by the company sector, where advances remained static in 1977 when adjusted for the increase in prices.

North Sea oil is now giving the country much needed room for manoeuvre but is also provoking considerable argument as to how this should be used.

We probably all agree that priority should be given to improving Britain's productivity and increasing our foreign earning power. In particular, what business desperately needs is a long period of confidence, and this can come only from steady and sympathetic government policies.

Exchange Control

There is now an opportunity to exploit Britain's skills in foreign investment by a measured loosening of exchange control. The Government's reluctance to take more than small steps in this direction is said to be due to fears that last year's capital inflow might just as quickly give way to an outflow and that the investment of British savings overseas would divert finance from British industry and British jobs. The first of these fears need not materialise if, now that the bailiffs have retreated, public spending and monetary policy are kept under firm control. The second reflects a fallacy. If the exchange rate is supported, the purchase of foreign currency by British investors provides the Exchequer with sterling, so that correspondingly fewer gilt-edged securities need be sold by the authorities. The supply of funds to British industry would then be unaffected by the relaxation of exchange control, which would impinge only on the level of our foreign currency reserves. Alternatively, if loosening exchange control reduced the exchange rate, the effect would be to check the overall outflow of sterling. In either case, home investment and employment need not suffer at all.

The prohibition on the financing by Britain, in sterling, of international trade between other countries is particularly unjustified, especially as the main cost of removing it would be of a once and for all nature. The improvement last year in sterling, in which the Bank's equity capital is denominated, has given British banks a firmer base on which to exploit opportunities in the international banking business that would help to support the country's overseas income when the tide of oil recedes.

Industrial Change

Bankers have seen many changes in the structure of British industry and it does not seem possible to prescribe now just what that structure should be in ten or fifteen years' time. We should certainly use the opportunity provided by North Sea oil to make the economy more adaptable, especially to the changes taking place in the outside world. The less developed countries are acquiring the skills of the more advanced economies so that the problems of the cotton textile industry yesterday may become those of, say, the engineering industry tomorrow. Such changes are inevitable and indeed essential for the progress of peoples poorer than ourselves. We should react to them, not by propping up old industries according to some preconceived plan, but by fostering change in our own economy in the direction of innovation and enterprise, wherever it may lead. In the short run we may well meet difficulties but, nevertheless, this seems to me to be the only road to sustained national prosperity.

Lifeboat

What is now called the 'lifeboat' operation, namely the decision of the Bank of England to ask the Clearing Banks to recycle deposits to a number of secondary banks, has now been under way for four years and it is appropriate to review what has happened. When, at the end of 1973, we discussed this rescue operation with the Governor, no-one was really sure of the amount of money that would be involved or the time it would take for confidence to return. In our case, we have recycled an average of £240 million per annum and we have taken a turn on that money. Of the twenty-six passengers who were at one time in the lifeboat, those who have reached or will reach the shore have provided us with a profit whilst losses will result from those who have sunk, e.g. are now in receivership. One might have hoped that the two would balance out but to date this has not happened, principally because we have been able to take into profits only that part of the interest due to us which has been paid. Thus, as unpaid interest accumulates and passengers in the lifeboat neither sink nor swim ashore, the operation becomes more expensive to finance.

It is obviously very difficult to contemplate what would have happened, particularly at a time when sterling was weak, had this rescue operation not been mounted but even with the benefit of all the hindsight that is now available, there is no doubt that the action taken by the Bank of England and supported by the Clearing Banks was fully justified in that a situation which could easily have developed into a major disaster for the City of London was handled with relatively little difficulty.

International

Barclays Bank International has had a very satisfactory year with profits before tax at £113 million. Five years ago, just before BBI – formerly Barclays DCO – took over the foreign branches of Barclays Bank Limited, its profits were £34.5 million whereas five years before that, in pre-disclosure days, profits were about £7.5 million. BBI Group deposits in the last decade have risen from some £1,278 million in 1967 to £10,355 million, and the whole character of the Bank has changed. In 1967, we were trading in 41 countries of which 34 were either in Africa or the Caribbean; today, we are represented in over 70 countries with a much more even distribution throughout the world. A widely spread branch network has been transformed into a more modern international bank with a number of subsidiary and associated companies. In some cases, as in Nigeria, Malta and Trinidad, the Group now has a minority holding. We have also been involved in the Eurocurrency market almost since its inception; this has become an important part of our business, and we constantly monitor our exposure in that market country by country.

The increase in our profits overseas has taken place against a background of disappointing world economic activity; the rate of growth in world output and trade has again been less than what would once have been regarded as normal. In 1978, little improvement seems likely; general business conditions in the European Community and in Japan should become a little more buoyant, but the common expectation is that there will be some slowing down of expansion in the United States. Despite the fall in world commodity prices over the past year, which poses serious problems for the commodity producers of the less developed world, inflation remains almost everywhere a stubborn obstacle to the faster economic growth and the rise in employment that we should all like to see.

South Africa

Banking on an international scale brings its own problems for, as all foreign investors know, politics and nationalism are rarely on our side. We realise that when we invest in a country we must accept the laws of that country; it is not our business to seek to overthrow legally constituted governments though we should do all we can to influence opinion, especially through our policy towards our own staff. South Africa is an obvious example.

We have been criticised by a small minority of stockholders on two main counts. First, is our policy with regard to the employment of our non-European staff fair? Are they given a proper chance of promotion and equal opportunities in their jobs? We are confident that we have no difficulty whatever in assuring our stockholders on this score. No member of the staff is paid less than the so-called Minimum Effective Level – that is Poverty Datum Line + 50 per cent – and this has been our policy for many years, ever since this particular form of measurement was invented. All clerical staff, irrespective of race, are paid on the same basis and enjoy the same benefits; we are told, nevertheless, that there is too small a proportion of non-European staff in the more senior jobs. On the face of it this is true but, accepting the constraints imposed by local conditions, it is only in recent years that the employment of non-Europeans in clerical jobs has become feasible and there are very few cases anywhere in the world – including this country – where a member of the staff reaches managerial grades in less than, say, ten years. The total of 53 non-European clerical staff employed in 1967 had grown to 1,912 by the end of 1977 and, in addition, we employ 2,102 people in non-clerical jobs. There is still a long way to go, but we are moving in the right direction.

The other and more basic criticism applies to all the seven hundred or so foreign investors in South Africa: should those of us who dislike the apartheid policy of the South African Government vote with our feet and sell our investments? We cannot believe that the under-privileged majority can possibly be helped by withdrawal of foreign investment; far from it – attitudes would harden, and there is not the slightest chance that our withdrawal or that of other investors would bring about some miraculous crumbling of the pillars of apartheid. The only real hope of a more tolerant society lies in all of us soldiering on, though one cannot deny that the events of the last six months have made a dent in this policy. But there are very many white people in South Africa who are working for change, and withdrawal of foreign investment would be a severe blow to their hopes. This applies equally to the great majority of Africans, although one must exclude the more extreme fringe elements who feel that there is bound to be a holocaust and would prefer it to come sooner rather than later. Our policy, therefore, is to stay in South Africa and use all the influence we have to try to bring about a happier and fairer society. We firmly believe that this policy is supported by the vast majority of our stockholders.

Staff

"The ability to deal with people is as purchasable a commodity as sugar or coffee and I pay more for that ability than for any other under the sun." This was said some fifty or so years ago by John D Rockefeller and is as true today as it was then. In Barclays, we believe we already have an adequate supply of this vital commodity but whether we are paying enough for it is another matter which is, in this country at least, beyond our control at the moment. The ability of our staff at all levels to deal with people – and this includes both their colleagues and members of the public, be they from Norwich, Nairobi or New York – is of paramount importance to the Bank and its stockholders. A few years ago, we ran a successful advertisement which said that money was our business; this is still true, not least its quick and efficient transmission throughout the world. But we can equally say that people are our business, and the health and the prosperity of the Bank depends on them.

Anthony Tuke

Anthony Tuke, Chairman of Barclays Bank Limited.

BARCLAYS

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

New move on national market system

BY JOHN WYLES

NEW YORK, March 13.

THE NATIONAL Association of Securities Dealers (NASD) has started moves to comply with the Securities and Exchange Commission's demand for a link between the over-the-counter securities market and the proposed national stock market system.

In its efforts to nudge the securities industry towards a national market, the SEC is asking that key elements of a national market be operating by September 30. It has asked the stock exchanges and the NASD, which regulates the over-the-counter market, to submit a timetable of developments to set up the market by April 15.

For its part, the NASD has commissioned a technical report on how existing electronic equipment can be modified to "plug" over-the-counter securities into the proposed national market.

Among other things, the SEC wants a facility allowing brokers to route orders to any participating market whose trading would be linked electronically. The NASD Board has agreed that some over-the-counter securities be traded in the national market although it is aware that trades would be more visible and therefore competition sharpened.

The SEC is still reportedly unhappy about the securities industry's intentions on a national market. The commission has long felt that there was a lack of will within the industry to embark on the enterprise and had hoped for more positive efforts following its statement in January that the SEC was wedded to an evolutionary approach. The commission is now drafting rules to force the industry to adopt the chosen elements of a national market if it is unable to agree on its own proposals.

The New York Stock Exchange believes that it is making an enormous stride in the direction of a national market with the pilot scheme being launched in April which would link it with four other exchanges and theoretically would enable brokers to secure the best price available on a particular stock. However, the plan is weakened by the non-participation of the Chicago Stock Exchange and by the fact that it appears to do nothing to reduce the "Big Board" domination of securities trading.

GM overseas restructure

DETROIT, March 13.

GENERAL MOTORS Corporation said it will reorganise its overseas operations, with effect from April 1, to improve management co-ordination between North American and overseas operations and to improve efficiency.

It said vice-president Mr. Alexander A. Cunningham has been named as group executive in charge of overseas operations.

In addition, five new General Motors vice-presidents have been named to responsibilities for specific geographical areas.

GM said Mr. John F. Beck will be responsible for Latin American operations and Mr. P. McCormack will be responsible for European operations excluding Adam Opel in Germany and Vauxhall in England. He will also have responsibility for Middle East and African operations.

Mr. Walter R. Price will be managing director of Vauxhall and Mr. James F. Waters Jr. managing director of Adam Opel.

Mr. John Qick will be responsible for Asia and Pacific operations.

Reuter

Banks freeze Corco deposits

NEW YORK, March 13.

A NINE-BANK lending group owed about $170m. by Commonwealth Oil Refining Co. (Corco) has frozen $12m. of the financially troubled concern's deposits.

It was learned that the funds were "set off" by the banks on the same day, March 2, that Commonwealth Oil petitioned a San Antonio, Texas, court for protection under Chapter 11 of Federal Bankruptcy Laws.

An official of New York's Citibank, leader of the banking group, confirmed the freezing of the funds and conceded that the action had been taken prior to Commonwealth's Chapter 11 filing. He said, however, that the action was taken after Citibank was notified by the company's Board of the pending filing.

But, in Puerto Rico where Commonwealth's $1bn. oil refining and petrochemical complex is located, Government officials have charged that the action by the banks pushed Commonwealth into the Chapter 11 proceedings. Under Chapter 11, the company continues to operate but seeks court protection against creditor law suits while it tries to work out a plan for paying debts.

Meanwhile, the names of the eight other banks in the lending group, previous unidentified, were learned.

In addition to Citibank, the lenders include Bank of America, Chase Manhattan Bank, Chemical Bank, First National Bank of Boston, Irving Trust, Banco Popular de Puerto Rico and Banco de Ponce.

Also included in the group is Banco Credito and Ahorro Ponceno, Puerto Rico's third largest bank and itself in financial difficulty.

AP-DJ

Mixed year for Brazilian subsidiaries

BY DIANA SMITH

RIO DE JANEIRO, Mar. 13.

BRAZILIAN subsidiaries of foreign multinationals had a mixed year in 1977 with substantial trading losses for some while others showed healthy profits.

According to recent figures, the worst hit were multinational subsidiaries operating in chemicals or phamaceuticals. Ciba-Geigy had the heaviest trading loss in 1977 of any subsidiary—$52m.

Trading losses of other companies in this sector were also of significant size. Dow lost $42m.—half of its 1976 loss, which was $85m. Bayer lost $37m., Rhodia lost $30m., and Hoechst lost $28m.

On the other hand, the upswing in commodity prices, especially coffee, soya, cocoa, and cotton, as well as the continuing demand for automobiles, was reflected in the 1977 trading profits of several multinational subsidiaries. Cargill, exporting maize and soya particularly, had a trading profit of $172m. Anderson Clayton, thanks to coffee, made a trading profit of $126m., and Erminio Bozzo, the Italian-owned coffee company, made a profit of $99m.

Volkswagen made a trading profit of $96m., Ford $40m., Mercedes-Benz $58m., Chrysler $48m., and Fiat $15m. But the latter lost $12m. on its tractor and road machinery sector.

Columbia agrees new Begelman contract

By Stewart Fleming

NEW YORK, March 13.

COLUMBIA PICTURES has reached agreement on a new contract for Mr. David Begelman, the senior executive of the company who resigned in February after a long-running scandal.

The new contract with the company provides for Mr. Begelman to work as an independent producer of films and television programmes over the next three years. Under the terms of the contract he may receive more than he was being paid as head of Columbia's film and TV divisions.

Columbia, a leading U.S. film company, said when Mr. Begelman resigned after months of uncertainty about how it would handle the widely publicised embezzlement scandal that it would engage Mr. Begelman as an independent producer because it did not want to lose his talents.

Columbia disclosed the new contract in a report filed with the Securities and Exchange Commission. The agreement is subject to drafting of the final wording.

The Columbia report also gave details of the forgeries and related events involved in the scandal. Of the $75,000 involved, Columbia alleged Mr. Begelman took for his "personal benefit" only $61,008, which has been repaid with interest.

Dana lifts payout

TOLEDO, March 13.

DANA CORPORATION has increased the quarterly dividend to 32 cents a share from 31 cents a share, payable June 15, reports Reuter from Toledo.

Earnings for the second quarter totalled 82 cents a share against 80 cents. Total net was $26.1m. against $23.8m. Sales increased to $505m. from $416m. for the six months, earnings moved up to $1.87 a share against $1.62. Net earnings were $59.2m. against $48m. Sales reached $1.01bn. against $820m. (fiscal 1978 six months net includes foreign currency translation loss of $6.1m.).

United Brands slips

UNITED BRANDS, one of the world's largest banana and fruit producers, reports net earnings of 50 cents a share for 1977, against $1.28 in the previous year.

Total net earnings were $7.5m. against $16.3m. The 1976 full year net included extraordinary income of $2.5m. or 22 cents a share.

Sales increased to $2.4bn. from $2.3bn.

There was a loss for the fourth quarter of $5.7m. against an operating profit of $568,000 or ¼ cent. Sales were $614.5m. against $572.8m.

Abitibi Paper takes optimistic view on outlook for newsprint

BY ROBERT GIBBENS

MONTREAL, March 13.

THE OUTLOOK for newsprint business in 1978 has "improved," says Abitibi Paper, which with its 58 per cent. interest in Price Company is now the world's largest producer. Newsprint consumption moved to higher levels towards the end of 1977 and inventories held by U.S. publishers began to contract. The Abitibi group sells more than 60 per cent. of its newsprint to the U.S. For 1978, Abitibi bases its projection for improvement in newsprint on the growth pattern of the North American economies and stable demand from overseas.

The huge world inventories of market pulp and excess capacity have brought about a "highly competitive market," and Abitibi's Smooth Rock Falls pulp division will be unprofitable in 1978.

The outlook for fine papers is brighter now than for the past two years. The exchange rate is helping, and while volume is growing, the company is "getting some price relief to offset higher costs."

Lumber operations should show a profit this year with elimination of start-up costs of the new White River saw mill in Ontario and the operating loss at another saw mill since sold.

The U.S. building materials company "performed extremely well last year and further improvement is expected."

Planned capital spending in 1978 is $C35m. for Abitibi and $C32m. for Price Plants, against $C21.6m. and $22m. last year.

It is hoped to continue dividends on a quarterly basis of not less than 15 cents as paid last February 1.

Abitibi and Price have formed joint companies to market their newsprint and lumber.

Towards the end of last year, "conceptual approval" was given to a three-year programme costing $C32m. to convert Price Co.'s Kenogami newsprint mill to uncoated groundwood papers.

Hudson's Bay Co. record

BY JAMES SCOTT

TORONTO, March 13.

HUDSON'S BAY reports that a strong Christmas selling season in its Canadian retail stores, and foreign exchange gains arising from its British and U.S. fur operations pushed earnings of Hudson's Bay Company to a record $C29.5m. ($US26.55m.) for the fiscal year ending January 31, compared with $C24.8m. a year earlier. Revenue for the year rose 6 per cent. to $C1.42bn. ($US1.29bn.) from $C1.34bn.

Of the total revenue, $1.37bn. came from the company's merchandising operations which includes the retail outlets, wholesale operations and the fur business. This was up from $C1.28bn. the previous year. Profit from merchandising was $C.56.8m. compared with $C48.83m.

Increased profit from its natural resources interests, which rose to $C13.7m. from $C10.4m. contributed to the improved results. But because of a temporary drop in land sales, profit dropped to $C14.8m. from $C23.2m. A semi annual dividend of 34.5 cents a share was declared payable April 28, an increase of two cents from the previous rate.

Loblaw back in the black

BY OUR OWN CORRESPONDENT

TORONTO, March 13.

LOBLAW COMPANIES of Toronto, the North American food retailing arm of George Weston, had a remarkable turnaround in 1977, reporting a profit from operations of $C13m. ($US11.67m.), compared with a loss of $C21.6m. a year earlier. Extraordinary gains of $C5.2m. increased the final 1977 profit to $C18.3m. while extraordinary losses of $C28.1m. increased the final 1976 loss to $C49.8m.

Sales were $C3.73bn. ($US3.32bn.) ($C3.52bn.) the year before.

Mr. Galen Weston, the chairman, said a great deal has been accomplished to relieve the burden of unprofitable assets from the business and the profitable divisions are beginning to show through, but warned that rising costs coupled with extreme competition make the preliminary outlook for 1978 only modestly favourable.

FTC ruling on Fruehauf

DETROIT, March 13.

FRUEHAUF CORPORATION said it intends to appeal against a Federal Trade Commission decision requiring the company to divest itself of the automotive operations and assets of Kelsey-Hayes which it acquired in 1973.

The FTC's ruling permits Fruehauf to retain Kelsey's aerospace and agricultural operations and assets. "We are surprised and disappointed at the ruling," a Fruehauf spokesman said.

EUROBONDS

Australia's $300m. hi[t] a falling market

By Mary Campbell

THE market yesterday wa[s] expected dominated by developments in the curr[ency] front. In the morning d[ollar] bonds continued to firm, w[hile] indicated prices of D-Mark bo[nds] fell in advance of the German agreement on fur[ther] measures to boost the do[llar]. However, the bond markets, the currency markets, clearly disappointed with announcement and these tre[nds] reversed themselves.

Trading was thin yeste[rday] dealers said, particularly in D-Mark sector, but if trends continue, issue mana[gers] of the now very substa[ntial] volume of new dollar bonds offer internationally may expected to face problems.

The calendar was loaded further last night by announcement of a $300m. year offering for Australia. brings the total value of do[llar] denominated Eurobonds on to over $600m. On top of there are $825m. worth on in New York.

The terms of the Austr[alian] issue include a coupon of 8 cent. on a par pricing. Deut[sche] Bank is lead manager, and management group, which is same as for the past Austra[lian] offering, includes the big t[hree] Swiss banks.

The most closely compar[able] issues outstanding include EEC 7¾ per cent. issue, a 7¾ cent. Swedish state-guara[nteed] issue for Statsforetag and per cent. issue for Norway. T[hese] yield up to a quarter point than the Australian issue. A[llow]ance for the 1½ per cent. se[lling] concession pushes Austra[lia's] yield to well over 8.3 per ce[nt].

In the D-Mark sector, Comission Federal de Elec[tricid]dad offering has been price[d at] par to yield 6¾ per cent. eight years. Due for annou[nce]ment last night was the Ele[tro]braz DM150m. issue—the question mark surrounding offering was the level at w[hich] the indicated coupon woul[d be] pitched, whether at 6¼ or 6½ cent., on the scheduled year maturity.

The sterling sector was weaker yesterday.

Earnings lift at Bancaire

Financial Times Reporter

PROFITS higher by a tent[h] the net level are announce[d by] Compagnie Bancaire, the m[ajor] French holding company f[or a] group of finance, loan and purchase companies.

For 1977 group net profits moved up from Frs.419m. Frs.461m. (around $188m.) provisions for risks.

Of this, Frs.257m. accrue[d to] the group, compared Frs.219m., consolidated earn[ings] per share of Frs.67 (Frs.71.6) capital increased by a quarte[r]

INTL. FINANCIAL AND COMPANY NEWS

AUSTRALASIAN NEWS

Burns Philp ahead so far

BY JAMES FORTH SYDNEY, March 13.

BURNS PHILP, the widely diversified industrial group, lifted group earnings 10 per cent in the December half year despite losses in its finance company and its electrical appliance arm. Group earnings came out at SA5.1m. (some ...7m.) compared with ...m. in the first half of ...7.

The increase was attributable to the consolidation for the first time of the group's 25.5 per cent interest in the iron ore company Robe River. Burns Philp and the U.S. group Engelhard last year jointly acquired just over 50 per cent of Robe River, which in turn has a 35 per cent interest in the Robe River iron ore project.

Robe River boosted its earnings 47 per cent from SA2m. to SA2.95m. as reported in the Finacial Times on Saturday.

In the consolidation, 100 per cent of Robe Rivers' revenue and cost were taken into account, but only 25.5 per cent of the company's net profit. The Robe stake added SA752,000 to Burns Philp group earnings, and raised sales by SA25.5m.

Group sales increased from SA220m. to SA246m. (around SUS277m.), indicating that without the Robe contribution, revenue was virtually static.

An abnormal expense for long service leave provisions for prior periods in the Papua New Guinea subsidiary, caused by a change in legislation, also reduced the group result by SA366,000. The loss in the finance offshoot reflected the continuing deferral of interest on a number of loans.

The reduction of non-interest bearing loans, particularly in the residential sector, was proceeding at a satisfactory level, and present indications were that there would be a smaller loss in the second half year.

The directors said that they believed the group profit should be higher in the second half.

However, they cautioned that the current economic uncertainty made it difficult to be confident of forecasts. They also pointed out that the Board of Robe River was cautious about prospects for the second half and that the appliance group Sun Electric was still facing difficult trading conditions.

Advance forecast by AWA

BY OUR OWN CORRESPONDENT SYDNEY, March 13.

AMALGAMATED Wireless (Australia), the major locally-owned electronics and electrical group, lifted its earnings and dividend in the December half, despite a marginal increase in sales. Moreover, the directors expect a higher result for the year. Sales rose only 1.6 per cent, while profit improved 8.7 per cent, from SA2.5m. to SA2.8m. (SU.S.3.2m.).

The interim dividend is increased from 3.25 cents a share to ... cents. It is the fourth consecutive dividend increase and the Board said that it expressed its confidence in the continuing progress of the company.

During the year trading conditions for colour television became very difficult, both in Australia and New Zealand. The industry was overstocked and depressed margins prevailed. However, the poor results in colour television had been more than offset by increased profitability in AWA's other activities. The directors expected this trend to continue and forecast a higher result for the full year, although, unlike 1976-77, no dividend was expected in the second half from the joint venture in colour television, AWA-Thorn. Last year AWA-Thorn paid SA500,000.

The directors expect a higher result for the full year. Meanwhile, the interim dividend is held at 3.125 cents a share.

Petersville continues to make progress

PETERSVILLE, Australia, a major food group, listed earnings 37 per cent, up at SA4.48m. (SU.S.3.89m.) in the December half year, outpacing a 17 per cent lift in sales to SA138m. (SU.S.120m.). The result continues the performance of the past two years when solid profit gains were recorded.

However, the directors expressed concern about profit margins being eroded by pressure from increasingly competitive conditions which developed during the last quarter. The Victorian power strike late last year affected operations but benefits continued to flow from higher levels of capital investment and cost control programmes.

H. C. Sleigh buys stake in Goliath

H. C. SLEIGH has acquired a 3.2m. share holding in Tasmanian cement maker, Goliath Cement Holdings, equal to about 15 per cent of Goliath's issued capital, Reuter reports from Melbourne.

Sleigh said it bought the shares as a long-term investment and will not buy further shares in the company.

Goliath earned SA2.35m. after tax in its last full trading year to the end of June 1977 and paid 7.5 cents on its 50 cent par shares.

South British profits rise

BY DAI HAYWARD WELLINGTON, March 13.

THE U.K. is the only area which did not show a profit for the New Zealand-based South British Insurance Company in the six months to December 31, when the company's profit after tax rose by almost 38 per cent to SNZ6.69m. (SUS6.8m.), from SNZ4.85m. in the same period of the previous year.

Claims in the U.K. in the fire and accident section were unusually heavy, the company said. Underwriting profit showed a ...-fold increase rising from SNZ278,000 in 1976 to SNZ1.41m. last year. The South British result continues the upward trend for New Zealand insurance companies despite recession hitting profit levels in other areas of New Zealand business.

The company has declared an interim dividend of 10 cents—up 1 cent on the previous year. Premium income by the group showed a 13.8 per cent rise to SNZ108.23m. The group's income from investments also increased, by 27 per cent to SNZ6.7m.

Arnotts pays more as earnings rise

By Our Own Correspondent SYDNEY, March 13.

ARNOTTS, the biscuit maker, has lifted its interim dividend after a 10.3 per cent. lift in profits for the December half year. Group profit rose from SA4.49m. to AS4.95m. after an 11 per cent. increase in sales, from SA106m. to SA118m.

The interim dividend is up from 4 cents a share to 4.5 cents. The higher profit was achieved despite a fire in the company's snack food factory in Sydney, which caused a loss of sales and the now recurring costs associated with Arnott's entry into the pet food market.

Arnotts bought into the pet food market with the Spillers group of the UK. The joint venture bought the pet food division of Marrickville Holdings.

Nylex regains more ground

NYLEX Corporation, the major plastics, synthetic fabrics and cables group, continued its recovery in 1977, increasing group profit from SA850,000 to SA2.4m., writes James Forth from Sydney.

The directors have declared a final dividend of 2.5 cents, which together with the interim of 1 cent—the first payment for two and a-half years—makes a total for hte year of 3.5 cents. It is covered by earnings of 6.94 cents a share compared with 3.08 cents in 1976.

Nylex earned a peak profit of SA3.8m in 1973, but earnings then declined until 1975, when a group loss of SA1.3m. was incurred. Since then Nylex has been on the recovery trail.

The directors said that the improved performance resulted from continued benefits from rationalisation measures achieved in the face of significant and costly disruptions caused by the Victorian power strike late last year.

The major improvement lay in turnround by the Nylex operating company, which contributed about one third of the group profits compared with a loss in the previous year.

In South-East Asia the Singapore plant was being closed and the operations integrated with the existing plant at Kuala Lumpur with a consequential increase in Nylex's equity from 50 per cent. to 60 per cent.

* * *

Net profits of Privatbank Verwaltungsgesellschaft, of Zurich, dropped by 9.4 per cent last year to Sw.Frs.2.6m (\$1.36m.). The bank's balance-sheet total declined from Sw.Frs 172.4m. to Sw.Frs 139m. An unchanged dividend of Sw.Frs.140 is recommended by the Board, and a transfer to published reserves of Sw.Frs. 1.1m. (Sw.Frs.1.25m.).

Earnings growth continues at PIA

By Iqbal Mirza KARACHI, March 13.

PAKISTAN International Airlines raised its profit for the second half of 1977 by 24 per cent. to Rs.172m. (\$17.5m.), from the second half of 1976 level. Revenues were up by 24 per cent. to 1.66bn. (\$168m.).

Air Marshal Nur Khan, the chairman, said in Karachi to-day that the growth in revenues came from a 20 per cent. increase in international pasenger traffic, 11 per cent. on the domestic passengers side, and 21 per cent. in freight.

The results were, he said, a continuation of the trends of growth and profitability "we had in the past four years and indicate that the Airlines will achieve a budgeted level of traffic revenues and profitability for the current financial year." Since the PIA's profits have started generating cash resources, the airline has initiated major projects, which on completion will have immediate impact on the quality and efficiency of passenger handling.

These projects include a computerised reservations system at a cost of \$1m. All PIA international stations will have computer terminals linked via sattelite to a computer in Atlanta that will handle all international reservations. The computerised reservations system in Karachi costing \$10m. will begin to handle domestic reservations by mid-1979. Estimated to cost over rupees 310m., most of these projects, which also include improvements in the flight kitchen at Karachi, ground handling equipment, check-in system and construction of a large modern caro complex, will start producing results by the end of 1978. Air Marshal Nur Khan said that the overall annual growth rate of passenger traffic of all IATA airlines was 7 per cent. compound during the past four years, as against PIA's growth of 29 per cent. PIA had to go in for growth and expansion, because the alternative would have been to let costs outpace revenues and to le tforeign airlines take away its market, causing a "massive" drain on the country's foreign exchange resources, Air Marshal Nur Khan said.

Recovery by Hume (Far East)

By H. F. Lee SINGAPORE, March 13.

HUME INDUSTRIES (Far East), a subsidiary of the Humes Group of Australia, has staged a strong recovery, posting a 134 per cent. increase in pre-tax profit for the half-year to December.

Group pre-tax profit for the period was SS8.3m., while profit after tax and minorities was 116 per cent. higher, at SS3.97m.

The higher profits were achieved on an increase in turnover of only 9 per cent., to SS66.1m.

Although Hume said that the results were not strictly comparable with the first half of the previous year, as a result of the sale of its 51 per cent. interest in Hume Edible Oil and the inclusion of the trading results of Hume Industries Sarawak and Yazman-Hume Quarries, the figures, nonetheless, show that Hume has more than arrested the sharp decline suffered in the previous financial year.

Much of the improvement was due to the recovery in its Malaysian subsidiary, Hume Industries (Malaysia), which recently announced an interim pre-tax profit of SM4.08m.—almost triple the amount recorded previously.

Hume, which is largely involved in the building materials industry, said that its Singapore operations continued to encounter severe competition, but achieved slightly improved results.

The group has forecast that its second half results will be comparable with those achieved in the first half year.

An interim dividend of 5 per cent. has been declared by the company.

Sharp upturn at Wilkinson Rubber

By Wong Sulong KUALA LUMPUR, March 13.

WILKINSON Process Rubber staged a strong recovery in the last financial year, with pre-tax profits rising by 38 per cent. to 3.55m. ringgits (\$1.5m.).

The performance is mainly attributed to the parent company, which is involved in the manufacture of hard rubber and rubber products for mining, and industry uses, and which benefited by the brisk pace of the tin mining industry.

The company's Singapore subsidiary, Linatex, suffer a loss of 13,800 ringgits, compared to a small profit in the previous year, despite a 13 per cent. rise in sales.

A dividend of 24 per cent. is being declared for the year, compared to 20 per cent., previously.

The company said that its sales for the first three months of the current financial year were ahead of last year's figures, but added that it was too early to predict the results, as much would depend on mining activities overseas.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

ROYAL SCHOLTEN-HONIG

A merger that turned sour

Writing from Amsterdam, CHARLES BATCHELOR fills in the details of the financial decline of one of the major food and starch companies in the Netherlands

THE STORY of the financially troubled Royal Scholten-Honig (KSH), the Dutch starch and foodstuffs group, is a tale of over-ambition.

The company, which was formed in 1965 from a merger of the Scholten and Honig concerns, was to benefit from the dove-tailing of the two companies' interests. But while Honig's grocery products made profits, Scholten's starch activities moved deeper into the red.

A bid for Holland's second largest sugar beet processor, Centrale Suiker Maatschappij (CSM), was meant to complement the starch products division. The bid failed and KSH was left holding a 40 per cent. stake in CSM. The final straw leading to the company's financial downfall was an ambitious plan to start large-scale production of Isomerose, a maize-based sweetener. Construction delays pushed up costs, while changes in EEC regulations have meant that KSH has been left with far too much capacity. It is now looking for a buyer to its Tilbury factory in the U.K.

Meanwhile, KSH has now been granted a moratorium on its credit until September while "break-up" talks continue with firms in and outside Holland. Negotiations are in an advanced stage for the Wessanen food group to take over KSH's wheat starch activities, for the Avebe co-operative to take over the potato starch division and for CSM to acquire the foodstuffs division. A second sugar company, Suikerunie, has expressed an interest in KSH's liquid sweetener operations.

In the year which ended last August, KSH made a loss of Fls.31.3m. (around $65m.) on sales of Fls.894m., while losses are forecast for the current year. The company's shares are currently hovering around Fls.23—compared to the Fls.184 reached at the time of the merger in the mid-sixties.

This partnership was dogged with disagreements from the beginning. Differences between the Scholten and Honig families in the managing Board meant an outsider, Dr. Wiel Hoefnagels, a former official at the Finance Ministry, had to be brought in to sort out the company's problems.

Disagreements over subsequent takeover policy led to a series of resignations from the Board. The extent of the problems thrown up by the merger is reflected—13 years on—by KSH's unaudited annual report for 1976-77, which comments on the difficulties of making a "healthy and balanced whole" from the two merged companies.

KSH's abortive bid for the sugar producer CSM left it with a sizeable stake in the company, which tied up funds at a time when KSH urgently needed them to finance its own activities. Sale of this last September led to a book loss of Fls.6m.

But it was KSH's attempt to diversify into Isomerose which finally brought the concern to its knees. This decision, taken when world sugar prices were at a record high, appeared to open the way to expanding new markets. Within two years changes in EEC regulations reduced the profitability of this alternative sweetener.

In 1973 the EEC form Ministers decided to do away with subsidies on imported maize for starch manufacture. This removed KSH's access to moderately priced raw materials. The second blow came last year when the Commission put a levy on the production of Isomerose. By this time, work on Albion Sugar's Tilbury factory—for which a buyer is now being sought—was well advanced.

The man who had been brought in seven years before to sort out KSH's problems, Dr. Hoefnagels, saw his grand design collapse. He resigned last September to make way for another reorganisation of the company.

His successor did not last even seven months. Mr. F. Van Heusden a former manager of the Ozem trading group who supervised the reorganisation of the loss-making building group Nederhorst, made his appointment conditional on KSH continuing as a going concern.

If government support was not forthcoming and a moratorium on interest payments became necessary, Mr. Van Heusden said, he would resign. KSH surprised shareholders and unions alike with the announcement earlier this month it had applied for a moratorium, and Mr. Van Heusden promptly stepped down.

KSH's dealings with the unions and the public have been plagued by poor communications. The unions responded to news of the payments moratorium with a week-long occupation of most of the company's factories in Holland. KSH, which is fighting the EEC decisions through the Dutch and European courts, recently lost a court case against a shareholders' group.

The Government has helped KSH out with loans but is reluctant to put too much money into a company with such deep-seated problems. But it is under strong pressure to save the 3,500 jobs KSH provides in Holland.

Kloeckner and Co. forecasts increase

By Guy Hawtin

FRANKFURT, March 13.

KLOECKNER AND CO., the holding company which is run as a limited partnership for the Kloeckner steel, fuel and engineering interests, is forecasting improved profits for 1978. Last year the concern suffered as a result of the steel industry's worst year in the post-war period.

Profits showed a marked decline in 1977. Although no figures were given in the annual report, it is understood that they were well below the DM44m. reported in 1976. The year before, Kloeckner and Co. announced net earnings of DM20m.

This year, Kloeckner and Co's shareholders should see the benefits of the rationalisation measures instituted during the past couple of years. While firm forecasts are naturally difficult to obtain, it is understood that earnings in 1978 will be rather better than last year's, which are thought to lie somewhere between the 1976 and 1975 figure.

Last year saw chemicals earnings take a hard knock, while the concern's oil business also showed some large losses. At the same time, the construction industry failed to produce its hoped-for improvement.

Profits in 1977 came primarily from the industrial plant sector. The steel trading sector, which did well in 1976, produced rather unsatisfactory results.

Earnings in the raw materials sector were also disappointing. However, there were markedly positive results in the building supplies sector, while the construction machinery sector moved out of the red.

Kloeckner and Co.'s external turnover rose in 1977 to DM7.3bn compared with the previous year's DM6.77bn. This was in large part an effect of the takeover of Maxhuette's trading company that added some DM500m. to the concern's turnover.

For the current year, no spectacular improvement in Kloeckner and Co.'s profits is foreseen. However, earnings are likely to improve in the steel trading branch, both in its domestic and export business.

Sandvik betters forecast with 15% earnings rise

BY WILLIAM DULLFORCE

STOCKHOLM, March 13.

SANDVIK, the Swedish cemented carbide and steel group, has turned in a very strong preliminary report for 1977, beating its earlier forecast of unchanged earnings and a 15 per cent. turnover growth.

Pre-tax earnings after historic depreciation grew by 15.7 per cent. to Kr.471m. ($102.4m.), while sales put on 16 per cent. to Kr.4.52bn. ($982m.).

This gives earnings after tax of Kr.30 a share, compared with Kr.25 in 1976. If cost-calculated depreciation is applied, the pre-tax figure comes out at Kr.410m. compared with the previous year's Kr.359m., corresponding to Kr.27 against Kr.21 a share after tax. Stock appreciation contributed some Kr.90m. to earnings, compared with Kr.55m. in 1976.

The provisional figures show a net after tax of Kr.156m. compared with Kr.76m. The Board, following the Government's request for dividend restraint, proposes to pay an unchanged dividend of Kr.5.75 a share.

After the increase in capital last year by a one-for-seven bonus issue of New B shares, this adds up to a total dividend payment of Kr.45.2m. compared with Kr.39.6m. in 1976. The new share issue was designed to facilitate the $35m. foreign convertible bond issue made in October, which Sandvik followed up by seeking a London Stock Exchange listing.

The group's strong performance is due entirely to its cemented carbide products, which accounted for half the sales and pushed their earnings from Kr.285m. to Kr.429m. The steel division by contrast saw its earnings plunge by Kr.68m. into a Kr.1m. loss. Even that is a commendable result when compared with the rest of the Swedish steel industry.

Profits in the saws and tools division dropped by Kr.14m. to Kr.20m., while the small steel-belt conveyor operation turned in earnings of Kr.23m., an increase of Kr.2m.

Group orders rose by 17 per cent. to Kr.4.51bn. last year and have continued to grow at about the same rate during the first part of 1978. The management forecasts a rise in sales to around Kr.5.3bn. this year and a profit equal to that of 1977.

Capital investments in 1978 are expected to be around the Kr.400m. compared with Kr.306m. last year. This represented a substantial decline of Kr.135m. from 1976, when however, Kr.123m. was spent on buying other companies.

Bofors profits down by one-fifth

BY OUR OWN CORRESPONDENT

STOCKHOLM, March 13.

BOFORS, the Swedish armaments, steel and chemicals concern, reports a 20 per cent. slide in earnings to Kr.92m. ($20m.) for 1977. Sales grew by just over 20 per cent. to Kr.2.3bn. ($500m.), according to provisional figures. The order intake dipped slightly to Kr.2.39bn.

The result is in line with the management's forecast at the eight-month stage but fails to meet the target of unchanged earnings indicated in the 1976 shareholders' report. The 1977 preliminary report offers no comment but the setback is understood to be due to the poor return on the steel operations.

The pre-tax result corresponds to adjusted earnings of Kr.12.45 a share compared with Kr.13.95 in 1976. The Board proposes to pay an unchanged dividend of Kr.4, making a total payment of Kr.16.5m.

The operating profit dropped by Kr.15m. to Kr.130m. while depreciation, according to plan, climbed by Kr.13m. to Kr.93m. The pre-tax figure is boosted by a net interest income of Kr.54.7m. derived largely from advance payments on arms orders. A Kr.44m. drop in allocations compared with 1976 allows Bofors to show a provisional net after tax of Kr.22.7m for 1977 compared with Kr.19.9m.

Husqvarna in the red

PRELIMINARY figures for 1977 from Husqvarna, the Swedish electrical household equipment and motor cycle manufacturer which is in the process of being taken over by Electrolux, show a turnround from earnings of Kr.75.7m. in 1976 to a loss of Kr.35.2m. ($7.6m.) last year. Sales rose by Kr. 51m. to Kr.1.31bn. ($284m.).

Some Kr.38.7m. is being transferred from the inventory reserve to cover the loss and give a net profit of Kr.1.2m. The board proposes to pass the dividend, noting that more than 90 per cent. of the shareholders have accepted the Electrolux offer for their shares.

Setback at Sydkraft

DEVALUATION LOSSES on its foreign loans have reduced the 1977 earnings of Sydkraft, the south Swedish power company, despite a 21 per cent. increase in its gross income to Kr.1.7bn. ($370m.). Pre-tax profit is Kr.120m. ($26m.) compared with Kr.284m. in 1976.

The company delivered 10.5m. kilowatt/hours of electricity last year. This represented an increase of 1.4 per cent. against a decline of one per cent. in electricity consumption for the country as a whole. Costs rose by 35 per cent. against the 21 per cent. growth in income.

Financial charges rose from Kr.114m. in 1976 to Kr.261m. last year, of which Kr.115m. is attributable to the exchange losses on the company's foreign loans. At the end of the year Sydkraft's foreign debt totalled Kr.787m. compared with Kr. 522m. booked at the end of 1976.

The total devaluation loss, both realised and unrealised, has been taken into the 1977 account and a Kr.59m. provision has also been made for anticipated spending on the treatment of waste nuclear fuel.

Net earnings come out at Kr.20 a share compared with Kr.30. But the board proposes to pay an unchanged dividend of Kr.6 a share. It forecasts a substantially better profit outcome in 1978.

* * *

BURMEISTER and Wain's turnover fell 12 per cent. last year to Kr.1.9bn. ($0.3bn.), Reuter reports from Copenhagen. Net profits of the shipbuilder and engineer totalled Kr.77m. ($13m.) compared with Kr.92.4m. in 1976. The Board recommended an unchanged 15 per cent. dividend.

Sofina lifts dividend

By David Buchan

BRUSSELS, March 13.

SOFINA, one of the top half-dozen Belgian holding companies, has announced a higher net dividend of Frs.213 for 1977, as against Frs.205 the year before. Profits are understood to show a rise on the Frs.566m. ($18m.) recorded in 1976.

Sofina executives say the results are in line with generally improved dividend payments in Belgium last year. In value terms, a growing proportion (60 per cent. last year) of Sofina's portfolio is now held in Belgian stocks, particularly as its U.S. holdings have shrunk in value with the fall of the dollar.

Legrand eyes Krupp offshoot

PARIS, March 13.

LEGRAND, a French electrical group, said Monday it is negotiating the acquisition of a majority interest in WEG of West Germany.

AP-DJ

VMF-Stork seeks State support

BY CHARLES BATCHELOR

AMSTERDAM, March 13.

VMF-STORK, the largest Dutch engineering group, has called on the Government to take a direct shareholding in the company to meet its financial problems. Partial solutions such as that provided by the recent State guarantee of Fls.100m. for the diesel engine division are no longer enough, Mr. G. van den Brink, a member of the managing Board said.

A decision on Government support is expected within the next fortnight. VMF-Stork has not yet taken up the Fls.100m. guarantee offered last year. The interest charges currently proposed on the loan are unacceptable to the company. Negotiations are continuing on the possible conversion of the loan into a direct State holding.

VMF-Stork, which employs 15,000 in Holland, said that if speedy agreement is reached this will affect the 1977 profit and loss account. The annual report is due to be published within the next few weeks.

It has forecast a net loss of Fls.50-60m. in 1977 following a loss of Fls.27m. ($12.3m.) in the first six months of the year alone. The company declined to comment on Press reports that the operating loss and transfers to reserves to meet restructuring costs last year totalled Fls.130m. while further losses of Fls.90m. are forecast for the current year.

VMF-Stork has already announced plans to shed 10 per cent. of its workforce in Holland this year. It expects a further decline in markets and an increase in competition.

Robeco's U.S. investment

By Our Own Correspondent

AMSTERDAM, March 13.

ROBECO, the Dutch-based investment company, said changes in the geographical spread of its assets in 1977 were largely due to changes in currency rates, since it maintained an unchanged percentage of Robeco's portfolio invested in North America declined to Fls.34.7 per cent. from Fls.35.6 per cent. the year before.

This largely reflected the decline in the U.S. from 34.6 per cent. to 30.3 per cent. The holdings in Germany rose to 9.4 per cent. from 8.8 per cent. although the Japanese stake fell to 13.1 per cent. from 13.8 per cent.

Robeco's investment in the U.K. remains very small, but it rose marginally to 1.5 per cent from 1.1 per cent. The holding in Dutch international stocks was slightly higher at 10.4 per cent. (10 per cent.) and in Dutch local stocks at 8.8 per cent. (6.5 per cent.).

In the U.S. and Canada Robeco moved into stocks offering an attractive return on investment and showing scope for further dividend increases. It added Chase Manhattan Corporation, Cities Service Company, El Paso and Northern Natural Gas among others, while sales included Eastman Kodak and First Charter Financial.

Credit Suisse bid for Bank Neumuenster

BY JOHN WICKS

ZURICH, March 13.

CREDIT Suisse has made an offer to take over at least 80 per cent. of the capital of the Bank Neumuenster, of Zurich. The medium-sized regional bank, whose balance-sheet total was Sw.Frs.320.8m. at the end of last year, announced last week that its internal reserves and provisions were insufficient to cover estimated debt risks. Increased requirements for provisions and depreciations reduced the 1977 profit to Sw.Frs.0.22m. ($113,000) compared with Sw.Frs.1.45m., and the dividend will be omitted.

The Credit Suisse bid, which will be withdrawn if at least 80 per cent. of the Sw.Frs.12m. share capital has not been acquired by March 28, foresees the exchange of three Bank Neumuenster registered shares of Sw.Frs.500 nominal value each for one Credit Suisse bearer share of Sw.Frs.500 nominal value. Credit Suisse already owned 38 per cent. of the smaller bank's capital.

The Bank Neumuenster Board has recommended shareholders to accept the Credit Suisse offer, and says the bank will probably continue operations as a separate entity. A group of Bank Neumuenster shareholders is opposing the bid in its present form, however, and has called for the convening of an extraordinary general meeting.

Handelsbank N.W.

PROFITS of Handelsbank N.W., a Zurich bank whose majority shareholder is the National Westminster group, rose to Sw.Frs.9.5m. ($4.8m.) against Sw.Frs.8.5m. last year. The Board recommends the payment of a 12 per cent. dividend on the existing share capital of Sw.Frs.35m., and a half dividend on new share capital of a further Sw.Frs.10m. Consolidated net profits for the year, published by Handelsbank N.W. for the first time, rose from Sw.Frs.9.4m. to Sw.Frs.10.5m.

The surplus on interest went up to Sw.Frs.12.7m., last year, commission earnings increasing to Sw.Frs.14m., those of foreign exchange and precious metals trading to Sw.Frs.4.3m. and profits from letters of credit and money market paper to Sw.Frs.4m. Due to the reduction of the bank's own portfolio and to falls in interest rates, earnings from securities were down from Sw.Frs.4.6m. to Sw.Frs.4m.

The bank's balance-sheet total expanded by 15 per cent. to Sw.Frs.1.24bn., or 17 per cent. to Sw.Frs.1.51bn. on a consolidated basis. Handelsbank N.W. has branches in Geneva as well as the Zurich headquarters, and representative offices in Bahrein, Hong Kong, Nassau, and Vienna. Subsidiaries are the Euromarket and International Credit and Trust operator, Handelsbank N.W. (Overseas), of Nassau; and the forfeit financing and finance-paper trading company, HBZ Finanz AG, of Zurich.

Bank Europaeischer

THE Zurich-based joint subsidiary of a number of European bank co-operatives, Bank Europaeischer Genossenschaftsbanken (BEG), recorded a sharp increase of 41 per cent. in its balance-sheet total for 1977 to Sw.Frs.402.7m., against Sw.Frs.285.4m. Total loans outstanding rose in the balance-sheet by 31 per cent. to Sw.Frs.223.5m., while profits rose noticeably from interest difference, securities business and foreign exchange. Most of the profit total of Sw.Frs.4.05m. ($2.07m.) is to be set aside as provisions, and Sw.Frs.400,000 will be transferred to published reserves.

Kvaerner doing much better

By Fay Gjester

OSLO, March 13.

THE Kvaerner shipbuilding and engineering group of Norway says its results in 1977 were significantly better than in any previous year, reflecting the fact that capacity was relatively well employed and deliveries were completed on several major contracts. An unchanged dividend of Kr.12 per share is recommended.

Group profits reached Kr.163m. (some $31m.), compared with Kr.126m. in 1976 and Kr.51m. in 1975. Shipping activities resulted in a loss of Kr.4m., and expenditure on oil exploration during the year amounted to Kr.4m.

Assessing prospects for 1978, Kvaerners says that an improvement in Norwegian industry's ability to compete abroad is vitally important to all the companies in the group, including those with relatively high order reserves. Currency policies, as well as domestic cost trends, will influence competitiveness, it points out. Nevertheless, it foresees a good result for the year, although considerably weaker than in 1977.

Group turnover rose to Kr.2.4bn. (some $445m.) from Kr.2.2bn. in 1976, and new orders booked were worth Kr.2bn. against Kr.12.7bn. Despite this, however, the value of orders in hand fell to Kr.1.4bn. from Kr.1.7bn. a year earlier, reflecting the completion of a number of large orders.

The report says that the group managed to avoid losses on the devaluations of the Norwegian krone, which took place in 1977, and in February of this year. Liquidity throughout 1977 was good, and liquid funds at end-1977 amounted to Kr.336m.

The concern's labour force decreased during the year by 231 to 6,638.

Bankers Trust International

BANKERS Trust International, the international investment banking subsidiary of Bankers Trust Company, earned profits before tax of £1.2m. for 1977, compared with £1.39m. in 1976. The emphasis at BTI has been shifted to the syndication of Eurocurrency loans and project finance activities, participation as a manager and underwriter in the international capital markets, the sale and trading of securities.

Saut du Tarn move in Malta

BY GODFREY GRIMA

VALETTA, March 13.

SAUT du Tarn, a French company with a turnover of more than $40m., has acquired a 60 per cent. shareholding in John Baker (Malta), the steel file manufacturing company which was recently faced by closure.

The Parastatal Development Corporation, which sold the 60 per cent., is retaining a 40 per cent. interest in the concern, which was being renamed Equipment Malta Ltd. A spokesman for the Malta Development Corporation said that the company now plans to start producing hand tools and valves for the oil industry.

Saut du Tarn operate nine plants in France, and is a producer of steel files.

* * *

MALTA'S Investment Finance Bank, which started operating in September last year, made a pre-tax profit of £M37,000.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aman Australia 8½pc 1990	[illegible]	[illegible]
AMEV 8pc 1987	[illegible]	[illegible]
Australia 8½pc 1992	[illegible]	[illegible]
Australian M. and S. 9½pc 1992	[illegible]	[illegible]
Barclays Bank 8½pc 1992	[illegible]	[illegible]
Bowater 9½pc 1992	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Volvo 8pc 1987 March	[illegible]	[illegible]

NOTES	Bid	Offer
Australia 7½pc 1984	[illegible]	[illegible]
Bell Canada 7½pc 1987	[illegible]	[illegible]
Br. Columbia Hydro 7½pc 1985	[illegible]	[illegible]
Can. Pac. 8½pc 1984	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Bid	Offer
[illegible]	[illegible]	[illegible]

STERLING BONDS	Bid	Offer
[illegible]	[illegible]	[illegible]
Finance for Industry 13pc 1987	[illegible]	[illegible]
INA 10pc 1988	[illegible]	[illegible]

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	[illegible]	[illegible]
Ashland 5pc 1988	[illegible]	[illegible]
Babcock & Wilcox 6½pc '97	[illegible]	[illegible]
Beatrice Foods 4½pc 1992	[illegible]	[illegible]
Beatrice Foods 6½pc 1992	[illegible]	[illegible]
Borden 5pc 1992	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Warner Lambert 4½pc 1987	[illegible]	[illegible]
Xerox 5pc 1988	[illegible]	[illegible]

Source: White Weld Securities.

Source: Kidder, Peabody Securities.

APPOINTMENTS

Changes at Harp Lager

G. C. Kent, chairman of ...e, Mr. R. H. King, chief ...ive of Scottish and Newcastle Breweries and Mr. M. H. ...ruisen, managing director ...ction), Scottish and Newcastle Breweries, have been ...ted to the Board of HARP ... Mr. Van Gruisen replaces ... H. M. Clutterbuck, who has ...ed as a director of Harp ... and also succeeds him as ...an of Harp Lager Breweries ...tern). Mr. M. B. Bunting, ...e group managing director, ... become chairman of Harp ... Brewery (Southern) and ... J. Roberts, deputy group accountant, joins the Board ...rp Lager Sales in place of ... N. G. Browne, who has ...

★

... R. N. Elphick has become ...an of R. GREEN PROPER... in place of Mr. Alfred H. ...man, who has retired as ...an and from the Board on ...l advice. Mr. J. H. Mepham ... sole managing director.

★

... Alan Crossland has been ...ted a director of BEN... PRIEST AND SONS ...DINGS) following the ...sful offer by that company ... and A. G. Crossland.

★

... Peter Lambert, who retires ...uty chairman of LOWNDES ...ERT GROUP (the insurance ...g subsidiary of Hill Samuel) ...rch 31, has been appointed ...tant to the group on busi... ...levelopment.

★

... N. I. Bond-Williams has ... from the Board of the ... A METAL COMPANY but ...ns a director of Delta ...ials Research.

★

... Gordon H. Shingleton, the ... chairman and chief ...tive of the NCR Corpora... operations in the U.K., has retained as senior adviser at ...KER BANK'S European ...uarters in London for the ...e, West Africa and Middle ...reas.

★

... Tudor F. Morris has been ...ted by TEXAS COMMERCE ...-HOUSTON as senior vice ...ient-international treasury ... foreign exchange of its ...n office.

★

... Arthur W. Rudge has been ...nted a director of Glynwed ... and sales director of George Gadd and Co., members of the GLYNWED group.

Mr. S. M. Smyth

★

Mr. James B. Hyland has been appointed a director of YOUGHAL CARPETS (HOLDINGS) and Mr. John C. Murray has resigned from the Board.

★

Mr. N. N. Chinn has retired as a director of LEX SERVICE GROUP.

★

Mr. H. A. Higham has ceased to be a director of HIGHAMS and subsidiaries.

★

Mr. P. Furnell has resigned from the Board of AMALGAMATED DISTILLED PRODUCTS by mutual agreement.

★

Mr. P. M. Tarsh has been appointed to the Board of LONRHO.

★

Mr. L. F. Edmondson has been appointed a member of the COUNCIL ON TRIBUNALS.

★

Mr. Geoffrey Church is to become a director of SAUNDERS VALVES. He will join the company from Bristol Composite Materials Engineering on May 1.

★

Mr. S. M. Smyth has become chairman of the McNEILL GROUP in place of Dr. D. B. McNeill, who remains on the Board. Mr. David G. Hudson, formerly commercial director, has succeeded Mr. Smyth as managing director.

Dundee port to develop roll-on, roll-off facility

DUNDEE port authority is expected to make an announcement soon about development of roll-on, roll-off facilities, Mr. James Chalmers, chairman, said yesterday after a Board meeting.

A planning committee report says that the port's recent agreement with Kestrel Marine was for 25 years, with an option to renew the lease for a further 25 years.

Kestrel is to build a North Sea oil offshore repair and maintenance plant and to reclaim land. It is also to construct a 700-foot quay and to employ up to 500 workers.

Scrap halfpenny, says MP

AN MP is to tell Mr. Denis Healey, the Chancellor, in Parliament next week that he should consider abandoning the ½p.

Mr. Michael Neubert, Tory MP for Romford, said "I would not like to see it go but it seems increasingly irrelevant.

"The value of it is so tiny in real terms that it is just a gesture towards a currency that is no longer relevant to modern prices.

"I suspect it is only the political embarrassment of doing away with it that keeps it in circulation."

World Value of the Pound

The table below gives the latest available ... of exchange for the pound against various ...ncies on March 13, 1978. In some ... rates are nominal. Market rates are the ...ge of buying and selling rates except where ... are shown to be otherwise. In some cases ...et rates have been calculated from those of ...gn currencies to which they are tied.

Exchange in the U.K. and most of the ...tries listed is officially controlled and the ... shown should not be taken as being ...cable to any particular transaction without ...ence to an authorised dealer.

Abbreviations: (S) member of the sterling ... otherd than Schedule Territories: (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate, no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

...ce and Local Unit	Value of £ Sterling
...nistan Afghani	65.80
...a ..... Lek	09.9598
...l ...... Dinar	7.7158
...a ..... French Franc	9.84
Spanish peseta	153.45
.... Kwanza	n.a.
...a (S)... E.Caribbean $	5.1651
...ina... Ar. Peso Free Rate	1.527
...ia (S). Australian $	1.67825
.... Schilling	28.20
.... Portug. Escudo	78.75
...as (S) Ba. Dollar	1.9165
...lesh (S) Taka	28.70
... (S)... Dinar	0.731
... Is.... Spa. Peseta	153.55
...s (S) Barbados $††	3.821
...t..... B. Franc	(cm) 60.95 (fm) 60.85
.... B $	3.821
.... C.F.A. Franc	452
...a (S)... Bda. $	1.9105
.... Indian Rupee	15.7421
.... Bolivian Peso	38.21
...a (S). Pula	1.5822
.... Cruzeiro ††	31.58
...n Is (S) U.S.$	1.9165
...(S)..... Brunei $	4.4570
.... Lev	1.748
.... Kyat	13.1151
.... Burundi Franc	176.54
...'n Rp C.F.A. Franc	452
.... Canadian $	2.1465
...Is..... Spanish Peseta	153.45
...rde I. Cape V Escudo	n.a.
...Is.(S) Cay. I. $	1.5921
...Rp... C.F.A. Franc	452
.... C.F.A. Franc	452
.... C.Peso	(Bk) 52.78
.... Renminbi Yuan	3.1732
...s..... C. Peso	(F) 72.65
...Is. C.F.A. Franc	452
...(Fr).. C.F.A. Franc	452
.... Colon	16.43
.... Cuban Peso	1.4920
...(S).... Cyprus £	0.7279
...ovak. Koruna	(com) 10.85 (nc) 21.10 (T) 18.46
...k..... Danish Krone	10.88¼
.... Fr.	330 (sg)
...a (S)... E. Caribbean $	5.1651
...Rep... Dominican Peso	1.9165
...r ..... Sucre	(O) 47.59 (F) 49.53
.... Egyptian £	(O) 0.755 (T) 1.38
.... Ethiopian Birr	(P) 3.9593
...uinea Peseta	153.45
...d Is. Falkland Is. £	1.0
.... Danish Krone	10.88¼
.... Fiji $	1.6501
.... Markka	8.001
.... French Franc	9.04
...nAf C.F.A. Franc	452
...na.... Local Franc	9.04
...Is.... C.F.P. Franc	165.82
.... C.F.A. Franc	452
...(S).... Dalasi	3.9444
...ast) Ostmark	3.915

Place and Local Unit	Value of £ Sterling
Germany West Deutschmark	3.915
Ghana (S)..... Cedi	2.15 (sg)
Gibraltar (K). Gibraltar £	1.00
Gilbert Is..... Aust. Dollar	1.67825
Greece........ Drachma	n.a.
Greenland .... Danish Kroner	10.88¼
Grenada (S)... E. Caribbean $	5.1651
Guadeloupe... Local Franc	9.04
Guam.......... U.S. $	1.9105
Guatemala..... Quetzal	1.9105
Guinea Rep.... Syli	40.702
Guinea Bissau	77.2797
Guyana (S)... Guyanese $	4.8718
Haiti......... Gourde	9.55
Honduras Rep Lempira	3.83
HongKong (S) H.K.$	8.777
Hungary...... Forint	(com) 72.66 (T) (n.c.) 35.55
Iceland (S)... I. Krona	488.85
India (S)..... Ind. Rupee	15.7421
Indonesia..... Rupiah	792.857
Iran .... Rial	(A) 137
Iraq.......... Iraq Dinar	0.56915
Irish Rep (k).. Irish £	1.00
Israel .... Israel £	30.9395
Italy .... Lira	1646
Ivory Coast... C.F.A. Franc	452
Jamaica (S)... Jamaica Dollar	2.881
Japan......... Yen	447
Jordan (S).... Jordan Dinar	0.578 (sg)
Kampuchea... Riel	2292.6
Kenya (S)..... Kenya Shilling	15.09
Korea (Nth)... Won	1.7355 ‖
Korea (Sth)... Won	918.16
Kuwait (Sth).. Kuwait Dinar	0.525
Laos.......... Kip Pot Pol	382.70
Lebanon ...... Lebanese £	5.5829
Lesotho....... S. African Rand	1.64551
Liberia........ Liberian $	1.9165
Libya .... Libyan Dinar	(P) 0.56559
Liecht'nstn ... Swiss Franc	3.725
Luxembourg .. Lux Franc	60.85
Macao .... Pataca	8.964
Madeira....... Portug'se Escudo	78.75
Malagasy Rp.. MG Franc	452
Malawi (S).... Kwacha	1.6551
Malaysia (S).. Ringgit	4.44325
Maldive Is.(S) Mal Rupee	7.508
Mali Rp....... Mali Franc	904
Malta (S)..... Maltese £	0.7455
Martinique.... Local Franc	9.04
Mauritania.... Ouguiya	91.555
Mauritius (S).. M. Rupee	11.958
Mexico........ Mexican Peso	43.34
Miquelon ..... C.F.A. Franc	452
Monaco........ French Franc	9.04
Mongolia ..... Tugrik	(O) 5.958 ‖
Montserrat ... E. Caribbean $	5.1651
Morocco....... Dirham	8.05 (sg)
Mozambique.. Moz. Escudo	63.1640
Nauru Is...... Aust. Dollar	1.67825
Nepal......... Nepalese Rupee	23.38
Netherlands.. Guilder	4.165
Neth. Ant'les. Antillian Guild	3.4196
New Hebrides Franc	146.101
New Hebrides Austl. Dollar	1.67825
N. Zealand (S) N.Z. Dollar	1.8796
Nicaragua..... Cordoba	13.58
Niger Rp...... C.F.A. Franc	452
Nigeria (S).... Naira	1.200802
Norway........ Nrwg. Krone	10.275
Oman Sultanate of (S).... Rial Omani	0.661
Pakistan...... Pkst. Rupee	18.80
Panama....... Balboa	1.9105
Papua N.G. (S) Kina	1.35945

Place and Local Unit	Value of £ Sterling
Paraguay...... Guarani	237.14
P'p'. D. Rp of Yemen (S) S. Yemen Dinar	A 0.6524
Peru........... Sol	excA 249.26
Philippines... Ph. peso	14.08
Pitcairn I. (S) £ sterling	—
Pitcairn I. (S) New Zealand $	1.8700
Poland .... Zloty	(Cm) 64.20 (T) 64.20
Portugal ...... Prtg. Escudo	78.75
Port Timor.... Timor Escudo	78.75
Principe Isle. Prtg. Escudo	78.75
Puerto Rico... U.S. $	1.9165
Qatar (S)..... Qatar Ryal	7.51
Reunion Ile de la..... French Franc	9.04
Rhodesia...... Rhodesian $	1.282
Romania ...... Leu	(cm) 9.49 (n/c) T 22.79
Rwanda........ Rwanda Franc	180.60
St. Christopher (S).... E. Caribbean $	5.1651
St. Helena.... St. Helena £	1.0
St. Lucia (S).. E. Caribbean $	5.1651
St. Pierre..... C.F.A. Franc	452
St. Vincent (S) E. Caribbean $	5.1651
Salvador El... Colon	4.77
Samoa (Am)... U.S. $	1.9165
San Marino... Italian Lire	1,646
Sao Tome..... Pg e. Escudo	78.75
Saudi Arabia.. Ryal	6.52
Senegal .... C.F.A. Franc	452
Seychelles..... S. Rupee	15.14
Sierra Le'ne (S) Leone	1.97
Singapore (S) Singapore $	4.4575
Solomon Is (S) Australian $	1.67825
Somali Rep.... Som Shilling	(A) 12.027
Sth. Africa (S) Rand	1.64551
S.W. African Territories (S) S. A. Rand	1.64551
Spain.......... Peseta	153.45
Span. Ports in North Africa. Peseta	153.45
Sri Lanka (S). S.L Rupee	29.05
Sudan Rp..... Sudan £	(A) 0.6652
Surinam ...... S. Gilder	3.4194
Swaziland (S.) Lilangeni	1.64551
Sweden........ S. Krona	8.885
Switzerland .. Swiss franc	3.725
Syria.......... Syria £	(A) 7.506
Taiwan. ...... New Taiwan	(P) 72.596
Tanzania (S.). Tan. Shilling	14.95
Thailand...... Baht	38.6525
Togo Rp...... C.F.A. Franc	452
Tonga Is. (S.) Pa'anga	1.6898
Trinidad (S.).. Trin. & Tobago	4.595
Tunisia........ Tunisian Dinar	0.715 (sg)
Turkey........ Turkish Lira §	45.75
Turks & C'os.. U.S. $	1.9165
Tuvalu .... Australian $	1.67825
Uganda (S.)... Ug. Shilling	14.7515
Utd. States ... U.S. Dollar	1.9105
Uruguay ...... Uruguay Peso	(cm) 10.59 (fn) 10.68
Utd. A'b Emis. U.A.E. Dirham	7.51
U.S.S.R. ...... Rouble	1.34
Upper Volta... C.F.A. Franc	452
Vatican .... Italian Lire	1.646
Venezuela..... Bolivar	8.18
Vietnam (Nth) Dong	(O) 4.599 (T) 4.5781 (‖)
Vietnam (Sth) Piastre	3.554
Virgin Is. U.S. U.S. Dollar	1.9165
Western Samoa (S) Samoan Tala	1.1517
Yemen......... Ryal	8.82 (sg)
Yugoslavia ... New Y Dinar	34.119
Zaire Rp...... Zaire	1.569750
Zambia .... Kwacha	1.48

... part of the French community in Africa formerly ... of French West Africa or French Equatorial Africa.
...s per pound.
...uguiya has replaced the CFA franc. The exchange ... made at a rate of CFA Frs.5 to one unit of the ... currency.

§ General rates of oil and iron exports 81.354.
‖ Based on cross rates against Russian rouble.
** Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
‡‡ Now one official rate.
§ Following 34 per cent. devaluation.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

WALL STREET + OVERSEAS MARKETS

Rally undermined by currency doubts

BY OUR WALL STREET CORRESPONDENT

NEW YORK, March 13.

A STRONG early stock market rally gave way to profit-taking in later trading on Wall Street to-day, but prices held their advantage to end slightly higher in heavy trading.

The Dow Jones Industrial Average began the day strongly, jumping ahead nearly six points by 10.30 a.m. By the close, however, this advance had been cut back to one of only 1.38 at 759.96.

The NYSE, which was showing a gain of 22 cents at 11 a.m., closed just 6 cents ahead at $49.54.

Turnover was 3.02m. shares down on Friday's total at 24.07m. shares, with advancing stocks outnumbering losers 737 to 638.

The morning's advance was attributed to hopes that the U.S.-West German dollar support measures would help stop the currency's decline in foreign exchange markets.

But the dollar closed lower against the D-mark, with currency traders apparently disappointed at the size of the support package—disappointment which quickly spread to Wall Street.

After the market closed, the Government said it had cut the estimated Budget deficit for the current year by $8.8bn. to $53bn.

IBM continued to come under selling pressure, falling three points to $239¼ in heavy trading.

Another outstanding loser was General Dynamics, which dropped $2⅝ to $40⅞ — the company has told the government it will stop work on a submarine construction programme because of "breach of contract" by the Navy.

On the takeover front, Hardee's Food Systems gained $⅞ to $16⅞ on a volume of 206,100 shares. The company disclosed preliminary merger talks with Pet Inc. — down $⅜ to $36⅛ — and said talks would continue later this week.

Prices finished higher in moderate trading on the AMERICAN SE.

The index put on 0.30 to 125.65, with volume totalling 2.77m. shares (3.22m.).

Honeywell eased $⅞ to $48⅞. The company said it would not market its model 66/85 computer, announced in January 1977.

OTHER MARKETS

Canada higher

Share prices finished higher on Canadian stock markets in fairly busy trading yesterday with most of the main sector indices posting gains. Golds put on 10.3 to 1,348.2 and Oils and Gas 3.2 to 1,372.9, but Metals and Mines closed 0.9 down at 820.9.

PARIS—Sharply higher, in a trading session which lasted 35 minutes longer than usual.

Matra and DBA ended the session unquoted owing to a surfeit of buying orders.

Among the highest rises of between 15 and 30 per cent., Creusot Loire put on Frs.10.6 to 64.4, while Schneizer, Mecl, Hachette, Credit National, Roussel, Sommer Allibert, and Jeumont also featured.

Buying orders far outpaced sellers' offers, with difficulty noted in many cases in fixing a price.

The sharp rises were in response to the results of the first round of the French elections on Sunday, which showed less-than-expected support for the Left.

BRUSSELS — Mixed in more lively trading. Sidro, Union Miniere, Acec and CBR rose.

Asturienne rose 5 per cent., EBES, which announced an unchanged 1977 dividend, was unchanged, while Vieille Montagne, Hoboken, Cockerill, Mosane, Cometra and Andre Dumont fell.

Petrofina and its Canadian and American units rose.

AMSTERDAM — Most prices firmed on news of the dollar recovery, with Internationals all gaining.

Royal Dutch climbed Fls.2.70 to 131.1, Robeco Fls.2.50 to 164.0 ahead of its 1977 figures, and Rolinco Fls.1.70 to 115.7.

Banking stocks lost some impetus. ABN ended 30 cents lower at Fls.346.5 after opening Fls 2.30 lower.

The main loser against the trend was Pakhoed, which lost Fls.1 to 34.0.

SWITZERLAND — Narrowly irregular, with a firmer bias in moderately active trading. There was some buying at the lower levels after recent setbacks.

Leading Banks showed small losses. Among irregular Financials, Elektrowatt, Forbo, Motor Columbus and Oerlikon-Buehrle Registered were firmer, although Oerlikon-Buehrle Bearer lost ground.

Insurances gained except for lower Rueckversicherung Bearer.

MILAN—Most sectors declined in thin trading on very light buying.

Banca Commerciale was a rare gainer in Banks, following its capital increase. Mediobanca lost L300 to L32,250.

Snia Viscosa, Montedison, Anic and Fiat rose in mixed Industrials, while Assicurazioni Generali was lower in Insurances.

GERMANY—Price changes were mixed with sentiment nervous on confirmation that the North Wuerttemburg-North Baden metal-workers strike will go ahead tomorrow.

Stores were firmer, led by Karstadt and Kaufhof, which gained DM3. Chemicals showed rises of up to DM1.90.

OSLO—Banking and Insurances quiet, Industrials steady, but Shippings barely steady.

VIENNA—Quietly steady. In mixed Breweries, Goesser and Schwechater eased moderately, while Reininghaus met some demand—the market believed the stock to be undervalued.

COPENHAGEN — Lower in active dealings. In lower Commodities, East Asiatic ended the day unchanged at Kr.223¾ after being the most actively traded stock.

TOKYO—Higher in active trading, led by Populars and "Blue Chip."

The new stock exchange index reached a new "high" for the year at 397.27. Volume totalled 340m. shares.

Export-orientated vehicles and cameras rose following the sharp dollar recovery, while Public Works issues also rose on speculation that the Government would take fresh measures early next month to stimulate the domestic economy.

JOHANNESBURG—Gold shares drifted easier to close mixed on lower bullion indications and a general lack of interest.

Financial Minings turned easier in light trading in sympathy with producers. De Beers was 11 cents easier at R5.57, while Anamint gained R1 to R61.00 on its results.

Industrials turned weaker after a mixed opening in slack trading.

HONG KONG — Share price changes were narrowly mixed, with a slightly firmer bias. Volume was moderate at $HK30.25 ($HK26.73).

Among "blue-chips," Swire Pacific "A" rose 10 cents to $HK5.60, but Hong Kong Bank lost 10 to $HK17.20.

Jardine Matheson held steady at $HK12.20.

AUSTRALIA—Prices in Sydney generally held or improved on their rises last week. Melbourne was closed.

BHP rose 4 cents to $A5.54.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Sony Corp.	295,500	7⅞	+⅛
Carrier Corp.	216,400	16⅞	−⅛
Hardee's Food Syst.	206,100	16⅞	+⅞
K-Mart Corp.	190,700	25	+⅛
G. D. Searle Co.	157,800	12⅞	+⅜
IBM Corp.	154,200	239¼	−3
British Petroleum	169,400	14⅞	+⅛
Hercules Inc.	140,500	12⅞	−⅛
Inco Limited	148,060	14⅞	−⅛
Florida Power Light	138,500	25⅞	−⅛

Indices

NEW YORK - DOW JONES

	Mar. 13	Mar. 10	Mar. 9	Mar. 8	Mar. 7	Mar. 6	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrials	759.96	758.58	750.05	750.87	746.75	742.72	[illegible]	742.12	1051.70	41.22
H'me B'nds	89.85	89.72	89.59	89.54	89.59	89.59	[illegible]	[illegible]	[illegible]	[illegible]
Transport	201.40	201.65	199.81	200.16	199.88	199.76	[illegible]	199.31	[illegible]	13.23
Utilities	105.45	105.65	105.52	105.41	104.86	104.76	111.67	102.84	163.32	10.58
Trading vol. 000's	24,070	27,090	21,920	22,650	19,900	17,280	—	—	—	—

* Basis of index changed from August 24

	Mar. 10	Mar. 3	Feb. 24	Year ago (approx.)
Ind. div. yield %	6.14	6.22	6.14	4.45

STANDARD AND POORS

	Mar. 13	Mar. 10	Mar. 9	Mar. 8	Mar. 7	Mar. 6	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrials	97.84	97.76	96.64	96.56	96.05	95.92	[illegible]	95.52	134.54	3.52
Composite	88.95	88.88	87.89	87.84	87.36	86.90	[illegible]	86.90	125.85	4.40

	Mar. 8	Mar. 1	Feb. 22	Year ago (approx.)
Ind. div. yield %	5.55	5.57	5.47	4.17
Ind. P/E Ratio	8.46	8.40	8.45	10.45
Long Govt. Bond yield	8.20	8.23	8.27	7.76

N.Y.S.E. ALL COMMON

Mar. 13	Mar. 10	Mar. 9	Mar. 8	1977/78 High	1977/78 Low
49.54	49.48	48.34	48.87	57.87 (4/1/77)	48.37 (6/3/78)

Rises and falls

	Mar. 13	Mar. 10	Mar. 9
Issues traded	1,843	1,841	1,820
Rises	757	1,127	804
Falls	638	331	515
Unchanged	448	383	501
New Highs	—	—	34
New Lows	—	—	34

MONTREAL / TORONTO / JOHANNESBURG and other indices (Australia, Belgium, Denmark, France, Germany, Holland, Hong Kong, Italy, Japan, Singapore, Spain, Sweden, Switzerland): [illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—85¼% (92%)
Effective rate (at 1.9105) 43¼% (40¼%)

NEW YORK / CANADA / GERMANY / TOKYO / AUSTRALIA / OSLO / BRAZIL / JOHANNESBURG / BRUSSELS/LUXEMBOURG / AMSTERDAM / SWITZERLAND / PARIS / COPENHAGEN / STOCKHOLM / MILAN / VIENNA / SPAIN: [illegible]

Securities Rand $U.S.0.81 (Discount of 29.6%)

+ FOREIGN EXCHANGES

Dollar erratic

The U.S. dollar plotted an erratic course in yesterday's foreign exchange market, opening much stronger against most currencies. This was mainly the effect of speculation surrounding the pending announcement of measures jointly arranged by U.S. and West German authorities to stabilise exchange rates.

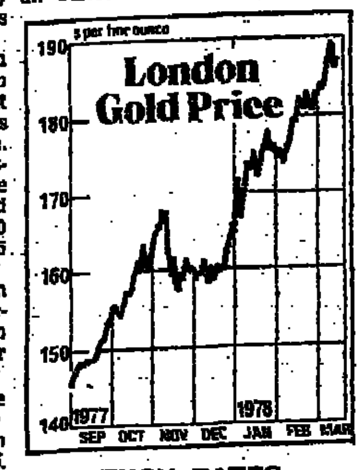
In terms of the West German mark, the dollar improved to DM2.09 and Sw.Frs.1.99 against the Swiss franc, but after details of the package became known, most dealers and bankers registered their disappointment of the extent of measures revealed and the dollar slipped to DM2.0490 and Sw.Frs.1.95 against DM2.0575 and Sw.Frs.1.95 on Friday.

Morgan Guaranty's calculation of its trade weighted average depreciation using noon rates in New York, widened to 5.10 per cent. from 4.76 per cent.

Best gains of the day were marked up by the French franc gaining over the dollar to finish at F.Frs.4.735 against F.Frs.4.8725. This no doubt stemmed from the level of support given to the left wing parties, which turned out to be less than expected in the first round of France's general election. Morgan Guaranty's calculation of its average depreciation showed a sharp improvement to 8.48 per cent. from 11.15 per cent. on Friday.

Sterling suffered during the early part of the day against the dollar and was seen at $1.8825 where some official help may have been given by the Bank of England. However, positions were reversed towards the end of the day and the pound closed at $1.9100-1.9110, a gain of 80 points. The Bank of England's calculation of its trade-weighted index fell to 64.4 from 64.8 although this showed an improvement on the noon figure of 64.1 and 64.3 in the morning.

Gold managed to put on $1¼ an ounce to finish at $187-$187¼.



CURRENCY RATES

	Special Drawing Rights March 13	European Unit of Account Mar. 13
Sterling	0.645182	0.651341
U.S. dollar	1.21624	1.22900
Canadian	1.36657	1.37760
Austria sch	18.2375	18.4436
Belgian fran.	39.3514	39.7644
Danish krone	6.95689	7.02492
Deutschem'rk	2.53477	2.56151
Dutch guilder	2.70493	2.74459
French fran.	5.81424	5.88167
Italian lira	1,055.51	1064.54
Japanese yen	286.789	289.953
Norway krone	6.61878	6.67395
Spain peseta	97.8383	98.7751
Swedish krone	5.68846	5.748 0
Swiss franc	2.41160	2.44058

EXCHANGE CROSS-RATES

Mar. 13	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.058-060	43.30-50	6.52 44	3.-06 91	[illegible]	[illegible]
New York	48.82-88	—	21.12-17	3.145-150	1.910-911	[illegible]	[illegible]
Paris	23.6-30.1	4.775-787	—	14.777 811	9.02-04	[illegible]	[illegible]
Brussels	15.52-53	32.36 41	6.76-79	—	61.01-17	[illegible]	[illegible]
London	3.91-92	1.910 911	9.03¼-04	60.90-61.00	—	[illegible]	[illegible]
Amst'dam	106.79-84	2.222¼-01	46.53.58	6.755-65	4.15¼-19	[illegible]	[illegible]
Zurich	85.575-758	1.958.964	41.285-478	6.084-109	3.7339 4	[illegible]	[illegible]

U.S. $ in Toronto U.S. $ = 112.39-42 Canadian cents
Canadian $ in New York = 88.96-88.38 cents. U.S. $ in Milan 863.25-864.00
Sterling in Milan 1645.10-50.

EURO-CURRENCY INTEREST RATES*

Mar. 13	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss Franc	W. German mark
†Short term	6⅝-6⅞	6¾-7¼	6⅝-6⅞	5½ 5¾	[illegible]	[illegible]
7 days notice	6½-6¾	6¾-7¼	6¾-7	5½ 5¾	[illegible]	[illegible]
Month	6⅝-7	7⅛-7½	6⅞-7⅛	5⅞-5⅞	[illegible]	[illegible]
Three months	7½-7⅞	7⅞-7¾	7⅛-7⅝	5⅞-5⅞	[illegible]	[illegible]
Six months	7⅞-8⅞	7⅞-8¼	7½-7¾	5-5¼	[illegible]	[illegible]
One year	8¼-8⅝	8⅞-8⅞	7⅝-8	5⅞-5⅞	[illegible]	[illegible]

Euro-French deposit rates: two-day 10¼-10¾ per cent.; seven-day 11¾-11¾ per cent.; one-month 11¾-12¾ per cent.; three-month 12-12¼ per cent.; six-month 12-12¼ per cent.; one year 11¾-12 per cent.

Long-term Eurodollar deposits: two years 8-8¼ per cent.; three years 8¼-8½ per cent.; four years 8¼-8¾ per cent.; five years 8⁵⁄₁₆-8⁷⁄₁₆ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.93-7.03 per cent.; three-month 7.10-7.20 per cent.; six-month 7.33-7.40 per cent.; one-year 7.65-7.75 per cent.

*Rates are nominal calling rates.

†Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Mar. 13	Mar. 10
Gold Bullion (a fine ounce)		
Close	$187-187¼	$188¾-[illegible]
Opening	$185-185¾	$187-[illegible]
Morning fix'g	$185.20 (£98.239)	$186.[illegible] (£97.[illegible])
Afternoon fix'g	$186.90 (£97.772)	$185.90 (£97.17[illegible])
Gold Coins, domestically Krugerrand	$191¾-193¾ (£100¼-101¼)	$190¼-[illegible] (£100-[illegible])
New Sov'gn	$56½-58½ (£29½-30½)	$57-59 (£30-31)
Old Sov'gn	$58½-60½ (£30¼-31¼)	$58¼-60 (£30½-31)
Gold Coins, internationally Krugerrand	$191½-193½ (£100½-101½)	$191-19[illegible] (£100½-[illegible])
New Sov'gn	$56½-58½ (£29½-30½)	$57-59 (£30-31)
Old Sov'gn	$58½-60½ (£30½-31½)	$58¼-60 (£30½-31)
$20 Eagles	$294½-297½	$287-[illegible]

FOREIGN EXCHANGES

Mar. 13	Bank Rate %	Day's Spread	Close
New York	6½	1.8825-1.9115	1.9100-[illegible]
Montreal	7½	2.1170-2.1460	2.1450-[illegible]
Amsterdam	4½	4.15-4.21	4.18-4[illegible]
Brussels	6½	60.60-61.40	60.90-[illegible]
Copenhagen	9	10.77-10.89	10.87¾-[illegible]
Frankfurt	3	3.90-3.95	3.91-[illegible]
Lisbon	13	77.75-79.20	78.50-[illegible]
Madrid	8	151.40-155.60	155.40-[illegible]
Milan	11½	1,630-1,647	1,645¼-[illegible]
Oslo	6	10.22-10.28	10.27-[illegible]
Paris	9½	8.97-9.28	9.03¼-[illegible]
Stockholm	8	8.80-8.90	8.88-[illegible]
Tokyo	4¼	442-452	446-[illegible]
Vienna	5½	28.10-28.56	28.15-[illegible]
Zurich	1	3.70-3.76	3.72-[illegible]

† Rates given are for convertible francs. Financial franc 60.95-61.05.

OTHER MARKETS

		Note Rates	
Argentina	15.25-15.29	Argentina	[illegible]
Australia	1.6678-1.6847	Austria	27.[illegible]
Brazil	31.98-32.08	Belgium	[illegible]
Finland	7.9910-8.0110	Brazil	[illegible]
Greece	n.a.	Canada	2.15
Hong Kong	8.76¾-8.79	Denmark	10.[illegible]
Iran	129-134	France	9.[illegible]
Kuwait	0.520-0.560	Germany	3.[illegible]
Luxembourg	60.90-61.00	Greece	[illegible]
Malaysia	4.40½-4.50	Italy	159[illegible]
N. Zealand	1.8606-1.8794	Japan	45[illegible]
Saudi Arab.	6.47-6.57	Netherlands	4.[illegible]
Singapore	4.40-4.41½	Norway	10.[illegible]
S. Africa	1.6307-1.6565	Portugal	[illegible]
U.S.		Spain	[illegible]
Canada		Switzerland	3.[illegible]

Rate given for Argentina is a free rate.

FORWARD RATES

[illegible]

FARMING AND RAW MATERIALS

[I]celand [f]ish ban [li]fted

Our Commodities Staff

RESUMPTION of Icelandic [cod a]nd haddock landings at Hull [is u]nlikely to bring a significant [fall i]n prices for the time being, [accor]ding to the National Federation of Fishmongers yesterday. [Bu]t should help prevent prices [going] up.

[Th]e ban on landings, operated [by m]embers of the Transport and [Gene]ral Workers' Union in [symp]athy with British fishermen [who] had lost their traditional [right]s in Icelandic waters came [into] operation in November 1976. It was ended last week after [more] than four months of [pres]sure from Britain's non-[trawl]ing fish industries.

[Some] 20,000 stones of fish was [unlo]aded yesterday from the [traw]ler Dagny — the second [Icela]ndic vessel to dock since the [end] of the ban—the fishmongers [warn]ed that prices could not be [expe]cted to show a marked fall [as fi]sh is always scarce at this [time] of year.

[A] Federation spokesman said resumption of landings was [goo]d news" and must help to [keep] prices a little. "But it is one port and at best can take a few pence a pound [at] this stage.

"Before we get any marked [redu]ction they must be coming [into] Grimsby and Fleetwood as [well]. Then I think we shall see [th]e difference," he said.

[M]inister sets [u]p farm [w]ater inquiry

Our Commodities Staff

JOHN SILKIN, Minister of [Agr]iculture, has launched an [inqu]iry into the future water [requ]irements of the farming and [hort]icultural industries.

[In] charge will be Sir Nigel [Stra]tt, chairman of the Advisory [Cou]ncil for Agriculture and [Hor]ticulture in England and [Wal]es.

[Th]e inquiry was announced in [the] Commons yesterday. The [mai]n bodies with a direct [inte]rest will be invited to [sub]mit evidence soon, but com[men]ts from other bodies and [indi]viduals not approached [form]ally will also be welcomed.

[T]he Ministry investigation is [link]ed to the Government's [plan]s—outlined in a recent [Whi]te Paper on the water industry—to set up a National Water [Aut]hority to replace the exist[ing] National Water Council. [The] main job of the new [aut]hority will be to organise [a n]ational strategy for all water [serv]ices.

Cocoa surges on new futures buying wave

BY RICHARD MOONEY

SPECULATIVE BUYING sent cocoa prices soaring on the London futures market yesterday. The prompt March position climbed above £2,000 a tonne and May cocoa closed £142 higher at £1,974.50 a tonne.

The market began strongly with nearby positions registering £40 permissible limit rises within minutes of the opening and the advance accelerated in the afternoon following news that the International Cocoa Organisation had cut its estimate of the 1977-78 world cocoa surplus from 39,000 tonnes to 20,000 tonnes. But many London traders were dubious about the influence of this news on the market.

The Cocoa Organisation's production and consumption figures, which depend heavily on information provided by the producers themselves, have been generally disregarded in the market this season because they have been so far from the trade's own projections of the situation.

Its first report, issued in October, predicted a deficit between production and consumption of 33,000 tonnes and this compared with market forecasts of a surplus ranging upwards from 100,000 tonnes.

In January the Organisation's secretariat brought out its own forecast of a 39,000-tonne surplus but even this was considered far too low by most traders especially as it followed closely on the publication by Gill and Duffus, the influential London trader, of its first crop report, which put the surplus at 99,000 tonnes.

Last month Gill and Duffus trimmed its estimated surplus to 86,000 tonnes. By this time declining production prospects, particularly in West Africa, and signs that consumption may not have been hit as badly as had been feared led many dealers to argue that this figure was probably a little too high. But few would have suggested that the surplus would be as low as 39,000 tonnes, let alone 20,000.

The rise in cocoa values which has lifted the March position by more than £500 a tonne in the past month has been mainly due to speculative buying and minimal producer selling. And some market sources thought this pattern was also responsible for yesterday's rise.

A striking characteristic of the market in this period has been the almost total absence of manufacturer buying. Initially this might have appeared "bearish" but it now seems possible that the manufacturers, having failed to hold down prices, will be forced to buy soon because of declining stocks.

If this happens a further price surge could follow.

A further influence in the changing mood of the market has been the world currency situation. The growing inevitability of some action to support the dollar has been viewed as inflationary and therefore encouraging to higher cocoa prices.

"Chartist" indicators have been pointing upwards for some weeks despite the basically "bearish" situation. But it now appears that many of the earlier "bears" have maintained their short positions in the market in the hope of a downturn.

A large number of these are now accepting their losses and buying cocoa futures to cover their "shorts."

Coffee export move lifts market

BY RICHARD MOONEY

COFFEE PRICES rose sharply on the London and New York futures markets yesterday in response to the announcement by Central American "other milds" producers at the week-end that they plan to suspend export sales in an attempt to halt the fall in world prices. But some London trade sources were sceptical about the likely effectiveness of this strategy.

On the London terminal market the May quotation rose to £1,456 a tonne at one stage before closing £49 higher on the day at £1,450.5 a tonne.

London dealers said the "other milds" move appeared very similar to the sales ban agreed last autumn but that circumstances were far less propitious this time. While some signatories to the agreement, such as Gautemala and Nicaragua, have little coffee left to sell, others, such as El Salvador and Mexico are still relatively poorly sold. The first group may be happy to suspend exports but the latter would presumably be very reluctant to do so.

Brazil's eagerness to sell coffee has been illustrated recently by the offering of substantial "discounts" on exports and the success of this policy was underlined last Friday when 306,000 bags (60 kilos each) of Brazilian coffee were registered for export.

Between March 1 and 9 export registries totalled 884,000 bags, a figure which greatly surprised many traders who said they were no. aware of such large sales. They said there was no doubt that Brazil's sales had picked up since the introduction of the indemnity (discount) system on February 16 and that this, together with low basic prices, had ensured that Brazil had regained its traditional share of the world market.

Currencies boost metals

BY JOHN EDWARDS, COMMODITIES EDITOR

CURRENCY uncertainties dominated the London Metal Exchange yesterday. The fall in the value of sterling gave a boost to copper, lead, zinc and silver prices, and limited the decline in the tin market.

As expected, copper stocks held in LME warehouses fell for the seventh week in succession, declining by 12,475 tonnes to a total of 587,300 tonnes.

This is the lowest level of stocks since November, 1976, but the recent outflow is basically a transfer of surplus holdings across the Atlantic in anticipation of the U.S. possibly imposing copper import restrictions.

A rise in tin stocks—up by 125 to 4,135 tonnes—was less than forecast. This shortfall, together with currency fears, helped offset a sharp fall in the Penang market over the week-end following last week's proposals to the U.S. Congress for releases of surplus tin from the strategic stockpile.

As expected lead stocks fell by 1,150 to 62,325 tonnes and zinc by 100 to 60,750 tonnes. LME silver holdings rose by 90,000 to 19,090,000 ounces.

The bullion market spot quotation for silver at the morning fixing was raised by 7.6p to 281.3p an ounce — the highest level since April, 1977. Values rose further in later trading, with the London Metal Exchange cash silver price closing at 282.85p.

Blenders shun tea auction

By Our Commodities Editor

THE LONDON tea auctions yesterday were again turned into "a farce," as the major U.K. tea blenders were absent as buyers for the second week in succession.

Although there was slightly more buying interest from other sources — mainly exporters—only about a fifth of the total offerings of 50,000 chests (of 50 kilogrammes each) was sold.

In these circumstances no official price quotations were given, but it was claimed that prices paid were only about 1p to 2p below the sellers' valuations.

U.K. blenders say they cannot buy new stocks of tea until they have some idea of the Government's intentions about imposing a maximum retail price, following the controversial Price Commission report that price should be cut by about 5p a quarter pound.

Mr. Roy Hattersley, Prices Minister, is due to announce on March 21 whether he will take any further action to bring down retail tea prices, or whether he is satisfied that the recent cuts have reduced prices to the level recommended by the Commission report.

While uncertainty remains the blenders say it would be madness to buy when they don't know at what price they will be able to sell.

New fall in world sugar

By Our Commodities Staff

SUGAR FUTURES prices on the London terminal market came down with a bump yesterday. The London daily price for raws was set at its lowest level since November at £98 a tonne, £1.50 lower than on Friday. August sugar ended the day £5.45 a tonne down at £103.10.

Dealers blamed the continuing general oversupply of the market and slack demand for the falls.

Reuter reports from Hong Kong that the Philippine Sugar Commission has decided to undertake hedging activities in the Hong Kong sugar futures market.

Mr. Leandro Vasquez, a consultant, said the Commission plans to open an office there in the next few weeks. It already trades in the New York and London futures markets.

Mr. Vasquez believes the low turnover of sugar futures market in Hong Kong since it opened last November is due to lack of sellers, such as the Philippines.

SPANISH AGRICULTURE

Shadows over the orange groves

BY A CORRESPONDENT

AN ALL-ROUND increase of 17 to 20 per cent. in guaranteed prices for farm products in Spain is expected to follow a meeting last week between the country's Ministry of Agriculture and a number of rural organisations. On the face of it, it will be the best thing that has happened for years to Spanish farming, which sorely needs relief from gloom.

The most spectacular piece of adversity to have beset it lately was the scare about Israeli oranges "poisoned" with mercury. The consternation that erupted in Spain over German assertions that mercury had been found in Spanish oranges as well, was volcanic.

It swept other news off front pages, filled hundreds of columns, prompted emergency meetings of citrus industry leaders and protest notes from the Government, and caused what the papers called "confusion, panic and hysteria" throughout the industry.

For a while, exports of Spanish oranges, which had been running at more than those of the year before, collapsed. In the week when the German-inspired scare was at its height, only 4,300 tonnes were sent to that country, normally Spain's main outlet. Now the figure is back to 15,000 tonnes or so a week, and it is likely that the Israeli affair will in the end benefit Spain and other citrus producers by serving to give them preference as "safe" sources of fruit.

In defending its own oranges, Spain went further than simply to dissociate them from the alarm over Israel's. "Competent sources" were quoted as affirming that some poisoned oranges found in consumer markets were from Greece, and that Moroccan fruit was also suspect. Such statements are bound to take their toll of sales from the countries concerned, to Spain's benefit.

Yet even with the sunny side of the mercury issue now uppermost, and a major boost for farm incomes in the offing, not everything in the Spanish garden, and particularly the citrus corner of it, is lovely.

Indeed, in some quarters it has been said that the mercury fright served to divert attention from a more serious and less transient problem—lack of quality.

Climatically the season has been difficult for citrus. Floods, frost, hurricanes and hail-storms destroyed and impaired the maturing of much fruit, with such economic consequences for producers that the Ministry of Agriculture has granted those in the Valencia region a two-year moratorium from debts and allocated funds for aid.

The deficiency causing most concern at the moment is that a high proporition of the citrus crop consists of fruit which, if it is exportable at all, is too small to attract prices sufficient to cover production costs, which remain constant regardless of size. Up to now "salustianas" have been the chief offenders, but other varieties including "valencias" are expected to show similar shortcomings.

Before the announcement of higher farm payments, it was being said that much of the citrus crop was not worth picking—an operation that constitutes a separate problem in itself since, although strikes by rural workers have proliferated throughout the country since they became legal, wages and employers' social-security contributions have soared. Last year, farm incomes fell by 4.3 per cent. in real terms.

The new price guarantees, covering 19 different products, will enable citrus producers for the time being to forget about such drastic measures as leaving fruit to drop and rot, for even juice-making now becomes economically feasible.

But what are termed "political prices" have been firmly condemned by the administration, and the long-term answers to problems bedevilling Spanish citrus would seem to lie more in the realms of science and investment, with improvements in varieties and, especially in the case of smaller growers, more mechanisation than now.

This will take time. The country is still growing types of oranges that have lost favour in its main markets, and trees planted even within the last five or six years have been spaced so closely that implements of a size common in competing citrus-producing countries cannot work between them.

Meanwhile, the Spanish taxpayer, to whose pocket democracy is blazing new trails, will have to shoulder much of the industry's burden.

Sisal export quotas suspended

BY CHRISTOPHER PARKES

FOLLOWING A reported "contretemps" between delegates from sisal-producing countries at a United Nations meeting in Rome, the system of export quotas governing trade in the fibre has been suspended. The UN Food and Agriculture Organisation reported: "It was agreed that export levels of fibre and cordage would be determined by the market."

The meeting, between producer countries and consumers also agreed to leave the range of target prices for sisal unchanged.

The fibre is used mainly for baler twine—a product which is increasingly being made from polypropylene, and consumers regularly stress that any price increases for the natural fibre will serve only to encourage the use of substitutes.

The target or "indicative" prices for sisal stay at $450 to $550 a tonne for East African UG grade. London trade sources said the decisions at the meeting would not have any effect on the market or prices.

However, the meeting agreed to reinstate target prices for abaca, another fibre endangered by synthetic substitutes. World production of the fibre has fallen from 1m. bales a year only a few years ago to 300,000 bales last year.

Used mainly for making speciality papers such as tea bags, stencil tissues and even in sausage skins, abaca is produced mainly in Ecuador and the Philippines.

Delegates from these countries had asked for action because prices had been too low for the past year. Market sources in London commented that following a boom in 1974 when prices were too high, they had slumped to "critically low levels" a year ago.

[C]OMMODITY MARKET REPORTS AND PRICES

[B]ASE METALS

[CO]PPER	a.m. Official	+ or —	p.m. Unofficial	† + or —
	£	£	£	£
[Wire]bars				
[Cash]	658-.5	+4.5	659.5	+6.25
[3 mon]ths	659-.5	+5.75	672.5-3	+6.5
[Settle]m'nt	655.5	+4.5	—	......
[Cath]odes				
[Cash]	646-.5	+6.75	648.5-9.5	+5
[3 mon]ths	659.5-60	+6.5	662.5-3	+5.5
[Settle]m'nt	646.5	+5.5	—	......
[U.S. Pri]me	—	......	60-61.5	......

[CO]PPER—Higher again, mainly reflect[ing c]urrency fluctuations. Forward metal [opene]d at the day's high of £675 but failed [to h]old that level as profit-taking and [hedge] selling took the price down to [...] on the morning Kerb. However, the fresh downturn in sterling in the afternoon prompted a rise to £672 on the late Kerb. The further large fall in warehouse stocks had been widely anticipated and had little effect on sentiment. Turnover: 12,125 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £655.5, three months £672, 71, 70.5, 70, 69.5, 69, 69.5. Cathodes cash £646, three months £660, 59.5. Kerb: Wirebars three months £668.5, 70, 69.5, 69, 68.5. Afternoon: Wirebars cash £658.5, 59, three months £679, 69, 69.5, 70, 70.5, 71, 71.5, 72, 71, 71.5, 72, 72.5, 73, 72.5. Kerb: Wirebars three months £672, 71.5, 71.

TIN—Down. The week-end decline in the Penang price caused forward standard metal to open lower at £6,010. But the weakness of sterling coupled with a smaller than expected rise in warehouse stocks enabled the price to harden to £6,030. In the rings, however, hedge selling left the price at £5,050 at which level it traded throughout the afternoon prior to closing at £5,080 on the late Kerb. Turnover: 1,980 tonnes.

[illegible]

COCOA

Opening trades although firm were hesitant. However, renewed buying interest during the afternoon pushed values sharply higher with origins very limited sellers, Gill and Duffus reports.

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

JUTE

[illegible]

[illegible]

WOOL FUTURES

[illegible]

RUBBER

[illegible]

MEAT/VEGETABLES

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

INDICES

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

[illegible]

U.S. Markets

Collapse by sugar; limit up cocoa

NEW YORK, March 13.

PRECIOUS METALS rallied on speculative buying, on disappointment over the U.S. and Germany's plans to support the U.S. dollar. The plan was not strong enough and the dollar was under pressure. Sugar collapsed on continued aggressive mixed selling with a noticeable lack of buying interest. Cocoa finished limit up on manufacture and speculative buying, Bache reports.

Cocoa—March 169.00 (161.70), May 160.25 (154.65), July 154.25, Sept. 151.00, Dec. 146.25, March 145.00 May 142.25, July 141.70. Sales: 916.

Coffee—"C" Contract: March 160.00 (178.00), May 158.00-159.00 (156.83), July 143.50-145.25, Sept. 135.00, Dec. 126.50-127.50, Mar. 122.00-123.00, May 117.00-121.00, July 117.00-121.00.

Copper—March 58.40 (55.30), April 58.70 (56.60), May 59.20, July 60.20, Sept. 61.20, Dec. 62.70, Jan. 63.20, March 64.20, May 65.20, July 66.20, Sept. 67.20, Dec. 68.70, Jan. 69.20. Sales: 6,000.

Cotton—No. 2: May 55.41-56.50 (57.73), July 58.63-59.70 (58.90), Oct. 60.65-60.70, [illegible]

[illegible]

[C]OMPANY [N]OTICES

AKTIEBOLAGET SVENSK EXPORTKREDIT
[(S]wedish Export Credit Corporation)

7½% NOTES 1983
[S.] G. WARBURG & CO. LTD., announce the third instalment of bonds for a [nomin]al value of U.S. Dollars 1,800,000 [has] been purchased for redemption on [...] April, 1978.
[U.S]. Dollars 19,600,000 nominal amount [will r]emain outstanding after 15th April.
[30,] Gresham Street, London EC2P 2EB.
[14]th March, 1978.

DAVIES AND METCALFE LTD.

[NO]TICE IS HEREBY GIVEN that the [Transf]er Books of the Company will be [closed] from 20th March, 1978 to 27th [Marc]h, 1978, both dates inclusive.
By Order of the Board.
R. ALLEN, Secretary.
[...]ector Works,
[...]milley,
[...]eshire.

[...]LLIS & SONS AMALGAMATED PROPERTIES LIMITED

[NO]TICE IS HEREBY GIVEN that the [Transf]er Books of the 3½% Redeemable [...] Mortgage Debenture Stock for this [Comp]any will be closed from the 18th [to th]e 31st March, 1978, both days [inclus]ive.
By Order of the Board,
M. R. KNIGHT, Secretary.

STOCK EXCHANGE REPORT

Demand peters out and markets close little changed

Index 0.6 harder at 459.6 after 461.3—Scattered features

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 27	Mar. 9	Mar. 10	Mar. 21
Mar. 13	Mar. 30	Mar. 31	Apr. 11
Apr. 3	Apr. 13	Apr. 14	Apr. 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets disappointed yesterday at the start of a new trading Account. Dealers' hopes for a resumption of recent buying were reflected in slightly higher equity prices at the opening. But no follow-through developed to the support which last week left leading shares with their best gains for four months.

No inspiration was forthcoming from British Funds which closed barely changed after the longer maturities had recovered earlier small falls. Short-dated stocks ended marginally easier, where changed. Investors here were awaiting the February trade returns, due to-day, and the latest money stock figures, due on Thursday.

The undertone in equities held up extremely well, as seen in the ratio of rises to falls in FT-quoted industrials. This, at 5:1, was an improvement on the 4:1 ratio which ruled on Thursday and Friday of last week when the FT 30-share index put on over 12 points. Yesterday, the index closed only 0.6 up at 459.6 after having been a couple of points up at the three afternoon calculations.

Press recommendations and trading statements led to scattered firm features which were highlighted by a jump of 31 to 115p in Johnson-Richards Tiles on the bid approach from Hepworth Ceramic. Securities of overseas-based companies stood out with good gains on renewed strength in the investment dollar premium. The recovery in retail sales in February failed to help Stores which closed with a loss of 1.2 per cent. in contrast to numerous small gains elsewhere in the FT-Actuaries indices. The All-share index gained 0.7 per cent. to 202.12.

Official markings of 5,597 failed to match the 5,942 recorded on the first day of the previous account. However, they improved on last Friday's 5,401 and the week-ago 4,177.

Funds mark time

Sterling's movements in foreign exchange markets found little reflection in British Funds, which were prepared to await to-day's announcement concerning the February trade returns. A marginally easier tendency was apparent initially at both ends of the market but medium and longer-dated issues soon reverted to Friday's list levels and thereafter marked time. Despite the probability of overseas buying interest, the shorts softened a shade but were trending better after the official close on occasional demand. Corporation changes were just as sparse, while Southern Rhodesian bonds made slow progress to end with gains to a point or so.

Reflecting events in the international currency situation, the investment dollar premium remained volatile. Sterling's initial performance prompted covering operations and renewed institutional support, the combination of which pushed the rate up to 96¾ per cent., but offerings on arbitrage account subsequently brought a reaction to 93 per cent. before a close of 95½ per cent., up a net 3½ points on the day. Yesterday's SE conversion factor was 0.7020 (0.7156).

NatWest bought

A reasonable trade was transacted in the four major clearers. Yield considerations were probably a factor in NatWest, which rose 6 more to 275p ex-dividend, while Midland put on another 3 at 348p in further reflection of last Friday's results. Merchant Banks had prominent features in Grindlays, up 6 at 120p, and Kleinwort Benson, 2 better at 102p, awaiting to-day's preliminary statements. Hill Samuel Warrants were raised 25 to 425p. Among Overseas issues, the enhanced investment currency premium made an impression on National Bank of Australasia, 6 firmer at 196p, and Bank of New South Wales which improved 5 to 420p.

Although quieter than recently, Insurances experienced a switch of emphasis following publication of a circular on the broking sector. C. T. Bowring, 116p, Minet 186p, and C. E. Heath, 288p, all gained 5; while Sedgwick Forbes closed 15 higher at 383p ex-dividend. Composites, too, retained their upward momentum with General Accident, 228p, Phoenix, 256p, and Refuge, 128p ex, increasing around 4.

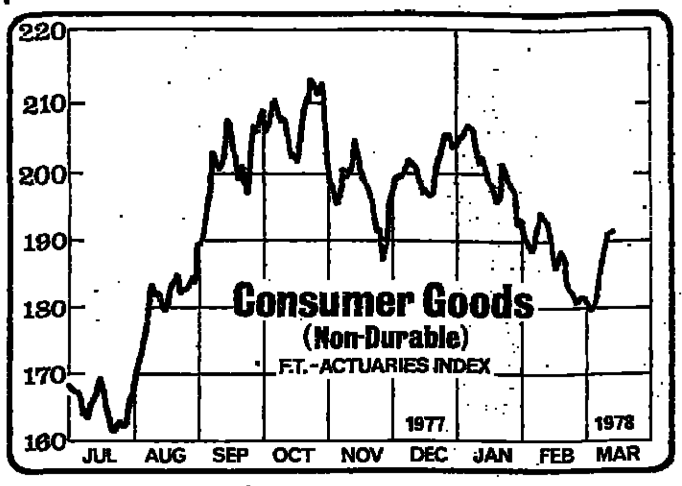
Breweries spent a quiet session apart from A Guinness up 5 at 168p and Greenall Whitley, which were quoted 7 higher at 107p ex the Preference share entitlement. Elsewhere, A. Bell eased 4 to 216p on nervousness in front of to-morrow's preliminary figures.

Buildings were highlighted by a jump of 31 to 115p in Johnson-Richards Tiles on the announcement that Hepworth Ceramic had made a bid approach; Hepworth Ceramic closed a penny better at 80½p, after touching 83p on week-end Press comment, after 82½p. Leading issues traded quietly; AP Cement closed 2 down at 238p, after 241p, and London Brick eased ½ to 66½p. News of rising costs on a dry dock scheme in the Middle East left Richard Costain, 254p, and Taylor Woodrow, 360p, down 4 and 5 respectively. Elsewhere, Cement Roadstone rose 6 to 127p in response to increased profits and the proposed 66 per cent. scrip issue, and Parker Timber added a penny to 108p following the interim figures. Further improvements of about 5 were seen in Redland, 137p, and Marchwiel, 245p.

In quietly firm Chemicals, ICI edged forward 2 to 346p after 347p. Fisons added 3 to 330p, while scattered buying pushed Stewart Plastics 8 higher to 118p.

Stores below best

Although finishing on a dull note, the Store leaders restricted their losses to a fall of 4 in Gussies A, at 282p. Among secondary issues, Greenfield Millets closed 1½ harder at 43½p



xd following the expansion news. Status Discount hardened 3 to 143p in reply to Press comment, while MFI Furniture were 3½ higher at 63p ex the scrip issue. I. D. and S. Rivlin contrasted with a fall of 2 to 14p on the first-half loss.

Interest in the Electrical sector centred chiefly on secondary issues. Farnell found support and put on 8 to 208p, while buyers also favoured Electrocomponents, which gained 6 to 326p. Electronic Rentals firmed 3 to 111p and similar improvements were recorded in MK Electric, 159p, and Telephone Rentals, 120p. BSR responded to favourable week-end Press mention with a rise of 1½ to 93p xd and H. Wigfall firmed 5 further to 225p compared with the offer worth around 273p per share from Comet Radiovision.

Engineering leaders fluctuated narrowly and were rarely altered at the close. Second-line issues, however, recorded scattered improvements. Desoutter were noteworthy for a rise of 6 at 131p, while buyers also favoured Amalgamated Power, 117p, Spear and Jackson, 118p, and Tecalemit, 110p, all of which rose 4. Hall Engineering firmed 1½ to 87½p awaiting Friday's annual results, and favourable week-end Press comment prompted a rise of 3 to 124p in Weir Group. Sporadic demand lifted Manganese Bronze 3 to 79p, while others to record similar gains included Martonair, 137p, and Matthew Hall 176p. West Bromwich Spring were quoted ex scrip issue at 20p to the new Preference shares, which opened at 115p and closed at 117p.

Awaiting to-day's preliminary figures, United Biscuits improved 6 to 150p. Bluebird Confectionery, which report interim figures on Friday, rose 7 to 155p, while similar rises were seen in Associated Dairies, 230p, and Rowntree Mackintosh, 373p. G. F. Lovell edged up 3 to 32p in anticipation of to-morrow's preliminary figures. Bishop's Stores A, at 120p, recouped 5 of Friday's loss of 13. Following their respective scrip issues, A. G. Barr held steady at 66½p and British Sugar put on 4 at 110p.

Hotels and Caterers had their share of firm spots. Ladbroke rose 5 to 182p, while Norfolk Capital, 42p, and Queen's Moat, 26½p, put on 3 apiece. Higher earnings took Isle of Man Enterprises up a like amount to 43p, while Grand Metropolitan 10 per cent. Convertible Loan, 1991-96, moved up five points to £120 following Press comment.

ICL supported

Lack of follow-through support saw the miscellaneous Industrial leaders drift back from higher opening levels, Beecham closing 3 dearer at 615p, after 617p, and Glaxo a similar amount higher at 530p, after 533p. Secondary issues, however, made another useful showing. Occasional support left ICL 8 to the good at 232p, while demand in a limited market prompted a rise of 14 to 207p in Sale Tilney. Buyers continued to show interest in Brook Street Bureau, up 6 more at 64p, and similar rises were recorded in Booker McConnell, 212p, Pentos, 80p, and Hay's Wharf, 142p. Securicor issues were firm in response to the chairman's optimistic annual statement, the Ordinary rising 6 to 74p and the "A" 3 to 72p. BTR, up 5 more at 238p, continued to benefit from the recent results and proposed 10 per cent. scrip issue, while favourable week-end Press comment left Northern Engineering Industries 1½ to the good at 94½p. Sporadic demand prompted an improvement of 5 to 216p in Sotheby's and gains of a like amount were marked against G. W. Sparrow, 108p, and Rank Organisation, 245p. Johnson Group Cleaners put on 3½ to 82½p awaiting Thursday's annual results.

Rolls-Royce came to the fore, rising 7½ to 78p in active trading on the better-than-expected preliminary figures. Other Motors and Distributors were selectively better following a reasonable trade. Automotive Products were supported at 95p, up 4, while Lucas Industries, 257p, and Group Lotus, 40, both closed 3 better. T. Cowie moved up 4½ to 41½p in response to the chairman's optimistic statement at the annual meeting, while investment demand left Henlys 4 to the good at 121p.

Thomson were again to the fore among North Sea oil-orientated Newspapers and gained 8 to 193p. Demand was also forthcoming for News International, up 4 at 240p, while Papers and kindred issues staged noteworthy movements in Jefferson Smurfit, 8 higher at 174p, and London and Provincial Poster, which spurted 11 to 201p in a thin market; Reed International have a 48 per cent. stake in the latter and this is apparently causing some speculation. Elsewhere, Oxley Printing recorded a Press-inspired rise of 2 to 54p, while renewed speculative interest lifted Mills and Allen 5 further to 185p. Inveresk gained 2½ to 68p ex-dividend.

R. Green, 42p, and C. H. Beazer, 55½p, featured Properties with rises of 4½ apiece in response to sharply increased half-yearly profits. Daejan moved up 3½ to a new 1977-78 peak of 81½p following further demand, and Rush and Tomkins rose 4 to 97p. Other secondary issues to make headway included Haslemere, 237p, and Property and Reversionary A, 302p, up 3 and 4 respectively. Leading issues traded quietly; Land Securities cheapened 2 to 215p and MEPC closed unaltered at 123p after 124p.

Oils firm again

Oils enjoyed another lively trade, although not on Friday's scale. British Petroleum advanced afresh to 754p before reacting on currency influences to close only 4 higher on balance at 744p. Shell were also below the best at 512p, up 7, after 514p, while the higher dollar premium lifted Royal Dutch 1½ to £44, after £44¾. Among the more speculative issues, Siebens (U.K.) advanced 8 to 252p and Oil Exploration 4 to 204p. Following the recent financial deal with the Kuwait International Finance Co., dealings were resumed in Attock Oil at 82p, compared with the suspension price of 112p.

Overseas Traders returned to favour. Sime Darby, which report interim figures on Thursday, rose 7 to 116p, while similar gains were seen in Gill and Duffus, 208p, and S. and W. Berisford, 202p. Press comment directed attention to United City Merchants, the Ordinary and the 10 per cent. Loan putting on 5 and 6 respectively to the common price of 49p.

Investment Trusts were better throughout the list. Jersey External Preferred improved 8 to 120p and Camellia Investments gained 5 at 200p. Capital issues had SPLIT 2½ harder at 56p and Fundinvest 3 firmer at 57p. London and Aberdeen Investment Trust Preferred were quoted at 84p ex the capital distribution. Reflecting dollar premium influences, Rolinco hardened 1½ points to £39 and Robeco 1¾ to £55. In Financials, investment demand raised S. Pearson 4 to 177p, while Challenge Corporation were 5 up at 115p and Suez Finance 4 points higher at £35, both in reflection of overseas advices.

Shippings ignored a bearish week-end Press and closed little changed on balance.

Textiles presented a firm appearance, Lister rising 3 to 46p and Dawson International 4 to 103p.

Consolidated Plantations moved up 4 to a 1977/78 peak of 112p in Rubbers where dollar premium influences influenced Highlands, 78p, and Kuala Lumpur Kepong, 49½p, both of which closed around 3½ better.

Golds move up

The sharp rise in the investment currency premium following the latest U.S./German moves to bolster the dollar enabled South African Golds to reverse the trend of Thursday and Friday last week.

The Gold Mines index at 161.5 recovered 3.7 of the previous two day's 10.8 loss. Business in Golds, however, was quiet and in dollar terms prices were fractionally easier on the day despite the late rally in the bullion price, which was finally $1.25 higher at $187.375 per ounce after being $185.20 at the morning fixing.

Gains in heavyweights ranged to ¾ as in Western Holdings, £19, while Randfontein added a half-point at £35½ and Vaal Reefs ⅜ at £12¾.

Among the medium-priced issues, Winkelhaak advanced 31 to 789p on consideration of the sharply increased interim dividend announced on Friday. St. Helena which also declared an improved interim on Friday were a similar amount higher at 797p; owing to an accident the mine's No. 2 shaft has been put out of commission and the extent of the damage is at present being ascertained. The marginal Bracken were prominent with an 11 rise to 90p also following the higher dividend declaration.

Premium considerations lifted South African Financials. De Beers were additionally helped by renewed U.S. buying in the late trade which took the shares up to a new 1977/78 high of 343p, a net gain of 5. Anglo American Investment Trust, a substantial holder of De Beers, and which announced a sharp increase in profits and dividend on Friday, closed £2½ to the good at a new high of £37½. General Mining, with 1977 results expected to-day, advanced ¾ to £16¼.

Among London-based Financials Rio Tinto-Zinc featured with a further 6 gain at 181p, after 18[illegible] following a Press recommendation to switch from Gold Fields into RTZ. Gold Fields were steady at 185p.

Australians enjoyed a firm [illegible] although rises mostly reflected the higher premium. Oakbridge was outstanding with a 13 improvement at a 1977/78 high of [illegible] while further speculative buying enabled Paringa to put on 2 [illegible] to 18½p.

Elsewhere, Canadian buying left Northgate 20 better at 290p, while Musto Exploration responded to similar buying to close 17 up at 117p.

FINANCIAL TIMES STOCK INDICES

—	Mar. 13	Mar. 10	Mar. 9	Mar. 8	Mar. 7	Mar. 6	A year ago
Government Secs.	75.65	75.66	75.63	75.37	74.89	74.80	[illegible]
Fixed Interest	78.12	77.89	77.83	77.41	77.38	77.27	[illegible]
Industrial Ordinary	459.6	459.0	450.5	446.7	444.1	442.8	[illegible]
Gold Mines	161.5	157.8	163.6	168.6	165.0	163.2	[illegible]
Ord. Div. Yield	5.89	5.91	6.01	6.05	6.09	6.10	[illegible]
Earnings Y'ld% (full)*	17.32	17.37	17.68	17.79	17.90	17.93	[illegible]
P/E Ratio (net) (*)	8.10	8.07	7.94	7.88	7.84	7.82	[illegible]
Dealings marked	5,597	5,401	4,741	4,546	4,539	4,177	[illegible]
Equity turnover £m.	—	100.05	82.93	75.97	61.85	46.30	[illegible]
Equity bargains total	—	16,597	14,927	14,779	13,100	11,098	[illegible]

10 a.m. 460.7. 11 a.m. 459.1. Noon 460.7. 1 p.m. 461.3. 2 p.m. 461.3. 3 p.m. 461.0.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=8.84.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977-78 High	1977-78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (5/1/8)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (3/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 13	Mar. 10
—Daily		
Gilt-Edged	188.8	161.[illegible]
Industries	189.0	18[illegible]
Speculative	46.1	[illegible]
Totals	127.6	12[illegible]
—5-day Average		
Gilt-Edged	173.7	16[illegible]
Industrials	162.8	15[illegible]
Speculative	50.4	4[illegible]
Totals	113.0	106.[illegible]

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (58)

COMMONWEALTH (1)
N.Z. 5½% '78/80

LOANS (1)
ICFC 10½%Uns.Ln. 1986

FOREIGN BONDS (1)
Hungary '24 Assented

AMERICANS (4)
American Medical — Republic NY Corp.
Asarco — Saul (B. F.)

BANKS (4)
Algemene — Deutsche Bank
Commerzbank — Sturla (G.)

BEERS (1)
Greenall Whitley

BUILDINGS (3)
Johnson-Rchrds Tiles — Whittingham (W.)
Warrington

CHEMICALS (1)
Thorgar Bardex

STORES (4)
Bakers Stores — Ramar Textiles
Midland Eductnl. — Status Discount

ENGINEERING (1)
Jenks & Cattell

FOODS (1)
Hazlewoods (Prop.)

INDUSTRIALS (10)
AGB Research — Securicor
Amal Metal — Do. A N/V
Hanimex — Security Services
Hewitt (J.) — Do. A N/V
Hyman (I. & J.) — Wade Potteries

INSURANCES (1)
Heath (C. E.)

MOTORS (4)
Plaxton's — Quick (H. & J.)
Alexanders — Reynolds (W. J.)

PAPERS (3)
L. & P. Poster — Saatchi & Saatchi
Mills & Allen Intl.

PROPERTY (2)
Daejan Holdings — Green (R.)

TEXTILES (2)
Lister — Ereď (Wm.)

TOBACCOS (1)
BATs Defd.

TRUSTS (5)
Channel Isles Inc. — Mont. Boston W
Crescent Japan — Common Market
Govett European

RUBBERS (5)
Cons. Plants — Kulim
Highlands — Malakoff
Kuala Kepong

MINES (3)
Anglo-American Inv. — Oakbridge
De Beers Defd.

NEW LOWS (3)

FOODS (1)
Morgan Edwards

INDUSTRIALS (1)
Anglo-American Asphalt

MINES (1)
South Crofty

RISES AND FALLS YESTERDAY

	Up	Down
British Funds	—	7
Corpns., Dom. and Foreign Bonds	23	1
Industrials	661	122
Financial and Prop.	291	11
Oils	27	—
Plantations	10	2
Mines	77	11
Recent Issues	7	4
Totals	1,096	158

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 7	Mar. 20	Jun. 8	Jun. 21
Mar. 21	Apr. 10	Jun. 22	July 5
Apr. 11	Apr. 24	July 6	July 19

For rate indications see end of Share Information Service

Money was given for the call of British Vita, Avon Rubber, Tarmac, United Gas, Redman Heenan, Dunlop, Rush and Tompkins Burmah Oil, Grand Metropolitan and Warrants, Town and City Properties, BP, Oil Exploration, P & O Deferred, Ladbroke Warrants, Tricentrol, KCA Drilling, Hunting Gibson, Armitage Shanks, Selincourt, Fairclough Cons., Premier Cons. Oil, Brittania Arrow, Norfolk Capital and French Kier. Puts were taken out in BP, Racal Electronics, De La Rue, Beecham, Allied Retailers and Ladbroke Warrants, while doubles were arranged in Racal Electronics, Brittania Arrow, Midland Bank, Barclays Bank, Electronic Machine, P & O Deferred, Willis Faber, U.K. Properties, Capital and Counties Property and French Kier.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	11	744	+4	966	720
ICI	£1	11	346	+2	446	325
Shell Transport	25p	11	512	+7	635	454
BATs Defd.	25p	10	264	+4	264	202
De Beers Defd.	R0.05	9	343	+5	343	188
Bowater	£1	8	184	+3	223	160
GEC	25p	8	258	+1	284	163
North. Eng. Inds	25p	8	94½	+1½	103	83
Boots	25p	7	205	−2	244	115
Gus A	25p	7	282	−4	347	176
Marks & Spencer	25p	7	149	−2	173	96
Midland Bank	£1	7	348	+3	390	259
Rank Org.	25p	7	245	+5	276	128
Rolls-Royce Mtrs.	25p	7	76	+7½	79	54
Tricentrol	25p	7	158	+8	204	100

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yld.	P/E Ratio
—	—	—	—	—	Nil	—	—	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price	+ or −
‖£1	F.P.	20/2	140	132	Automated Secs. 8% Cnv. Cum. Pref.	137	+5
—	F.P.	24/2	106p	101½	Batleys of Yorkshire 10% Cum. Pref.	106p	.....
[illegible]	F.P.	31/2	[illegible]	[illegible]	Centreway 11% Cum. Pref.	104xd	−2½
99½	F.P.	—	97½	97½	Citicorp O'seas Fin 10% Strlg Opt. 1993 ●	97½	.....
£98½	[illegible]	5/5	[illegible]	[illegible]	Grampian Reg. 10½ 1985	99¾	.....
[illegible]	F.P.	—	103p	101½p	Greenall Whitley 8% Prf.	102p	.....
‡100	F.P.	24/5	106¼	100¼	Kensington & Chelsea 11⅜% 85-87	101	.....
‡100	F.P.	[illegible]	[illegible]	[illegible]	Leicester Variable 1982	[illegible]	.....
£	£1	28/7	12¼	12	Mid-Sussex Water 7% Red. Prf. 1983	12⅛	−⅛
[illegible]	[illegible]	28/4	104	[illegible]	Pearson (S.) 10½% Pty. Cnv. Ln. 1993-98	103	−1
—	F.P.	—	[illegible]	89	Shell Intl. Fin. N.V. 8¾% Guar. Notes 1990-	$96¾	+¼
£99¾	F.P.	—	100⅛	[illegible]	Tameside Variable 1983	100⅛	.....
99½	£50	28/4	51	47⅞	Do. 10½% Red '84-5	51	+¾
[illegible]	F.P.	—	117p	115p	W. Bromwich Spring 11.5% Prf.	117p	.....
—	F.P.	24/2	[illegible]	106	Whitehouse (G.) 11% Cum. Pref.	105p	−1
£98	£25	—	25½	25¼	York Water 11% Deb. 1936	25½	.....

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
70	F.P.	13/3	4/4	86	79	Beaumont Properties	86	+1
25	nil	30/3	13/4	6pm	5pm	C. H. Industrials	6pm	.....
10	F.P.	3/3	31/3	22	19	Crystalate	22	.....
10	F.P.	1/2	17/3	42½	36	L.R.C. International	40	+1½
21	F.P.	24/2	30/3	[illegible]	23	Manchester Garages	25	+1
330	F.P.	31/2	31/3	350	330	Midland Bank	350	+5
50	nil	17/3	7/4	30pm	25pm	Milbury	25pm	.....
[illegible]	F.P.	1/2	10/3	[illegible]	[illegible]	Neill (Jas.)	66	.....
62	nil	29/3	10/5	15pm	14pm	Walmoughs	15pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ‡ Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. ‡‡ Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ◆ Quoted price subject to $ premium for U.K. residents.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Mar. 13, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp Tax 52%	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) Corp Tax 52%	Fri. Mar. 10 Index No.	Thurs. Mar. 9 Index No.	Wed. Mar. 8 Index No.	Tues. Mar. 7 Index No.
1	CAPITAL GOODS (170)	200.12	+0.7	17.68	5.83	7.97	198.78	196.20	193.97	191.18
2	Building Materials (27)	179.53	+1.6	16.99	5.89	8.39	176.70	174.01	171.65	168.70
3	Contracting, Construction (26)	307.96	+0.5	18.65	4.17	7.90	306.55	301.43	297.17	292.21
4	Electricals (15)	436.58	+0.6	15.24	4.06	9.37	434.12	427.96	422.38	417.49
5	Engineering Contractors (14)	286.06	+1.0	17.35	7.05	7.89	283.23	277.49	276.14	272.85
6	Mechanical Engineering (71)	157.11	+0.4	19.35	6.53	7.35	156.50	154.75	153.16	151.05
8	Metals and Metal Forming (17)	160.47	+0.3	19.45	8.51	6.80	160.04	159.07	157.81	155.30
11	CONSUMER GOODS (DURABLE) (52)	182.59	+0.7	18.78	5.16	7.71	181.28	179.56	178.25	175.86
12	Lt. Electronics, Radio TV (15)	220.09	+0.2	16.18	3.84	8.93	219.58	217.58	215.71	212.16
13	Household Goods (12)	164.06	+0.7	19.25	7.46	7.05	162.95	162.24	162.45	161.38
14	Motors and Distributors (25)	111.36	+1.5	22.85	6.73	6.44	109.68	108.44	107.64	106.56
21	CONSUMER GOODS (NON-DURABLE) (176)	191.51	+0.2	16.72	6.14	8.28	191.17	187.49	185.25	182.67
22	Breweries (14)	218.37	+1.0	14.95	6.08	10.14	216.17	211.69	208.72	206.91
23	Wines and Spirits (6)	242.75	−0.2	17.04	5.92	8.90	243.20	238.72	235.31	234.18
24	Entertainment, Catering (18)	242.09	+1.1	16.44	7.10	8.85	239.42	233.69	229.92	227.04
25	Food Manufacturing (22)	182.09	+0.9	21.73	6.54	6.51	180.52	179.84	178.96	177.20
26	Food Retailing (16)	184.39	+1.2	14.93	4.95	9.67	182.14	180.83	178.94	177.54
32	Newspapers, Publishing (13)	307.46	+2.5	10.93	4.07	13.60	299.96	293.34	286.26	279.33
33	Packaging and Paper (15)	127.21	+0.1	20.95	9.20	6.86	127.08	124.16	123.92	121.91
34	Stores (38)	179.67	−1.2	10.76	4.44	13.66	181.76	177.26	174.51	170.41
35	Textiles (25)	168.08	+1.4	21.98	8.02	5.64	165.78	164.61	164.28	163.23
36	Tobaccos (3)	235.88	−0.5	23.46	7.94	5.07	236.96	229.24	225.69	223.68
37	Toys and Games (6)	99.98	+0.4	20.21	5.93	6.62	99.62	98.44	97.38	95.89
41	OTHER GROUPS (97)	181.82	+0.8	17.04	6.07	7.76	180.29	177.97	176.35	175.68
42	Chemicals (19)	251.30	+0.5	18.94	6.89	7.09	250.11	246.42	244.51	244.23
43	Pharmaceutical Products (7)	237.86	+0.5	11.57	4.17	11.09	236.72	233.13	231.23	230.76
44	Office Equipment (6)	126.02	+2.0	19.26	4.94	6.10	123.54	121.80	121.00	119.84
45	Shipping (10)	430.73	+0.5	22.86	6.80	5.18	428.66	424.89	419.01	417.73
46	Miscellaneous (55)	189.17	+1.3	16.77	6.52	8.45	186.66	184.84	182.84	181.59
49	INDUSTRIAL GROUP (495)	197.02	+0.5	17.18	5.98	8.03	196.04	193.01	190.93	188.73
51	Oils (5)	437.02	+1.0	15.87	4.47	7.66	432.66	426.14	426.66	423.09
59	500 SHARE INDEX	217.15	+0.6	16.98	5.76	7.98	215.91	212.58	210.66	208.34
61	FINANCIAL GROUP (100)	165.89	+0.8	—	5.46	—	164.65	161.21	160.07	158.72
62	Banks (6)	184.02	+0.3	26.36	5.85	5.68	183.44	181.29	180.91	181.48
63	Discount Houses (10)	193.11	−0.5	—	8.55	—	194.06	194.06	190.76	191.53
64	Hire Purchase (5)	150.95	+0.3	12.16	5.28	12.16	150.57	149.65	147.96	144.37
65	Insurance (Life) (10)	138.82	+1.4	—	6.02	—	136.84	132.74	132.58	131.75
66	Insurance (Composite) (7)	131.91	+1.1	—	6.39	—	130.47	126.62	124.97	124.07
67	Insurance Brokers (10)	348.80	+1.9	12.89	4.02	11.25	342.13	333.43	330.78	322.90
68	Merchant Banks (14)	75.81	+0.9	—	6.31	—	75.16	74.31	74.19	72.64
69	Property (31)	237.54	+0.1	2.81	2.90	67.96	237.33	232.07	229.92	226.26
70	Miscellaneous (7)	107.22	+0.5	24.18	7.35	5.74	106.65	105.61	105.08	102.97
71	Investment Trusts (50)	181.39	+0.9	3.48	5.25	28.72	179.71	178.40	177.49	176.59
81	Mining Finance (4)	89.50	+2.0	17.42	6.54	6.68	87.75	86.89	87.19	85.66
91	Overseas Traders (19)	272.82	+0.9	17.04	7.18	7.30	270.36	267.25	266.41	262.96
99	ALL-SHARE INDEX (673)	202.12	+0.7	—	5.72	—	200.81	197.63	196.01	193.96

FIXED INTEREST PRICE INDICES

	British Government	Mon. Mar. 13	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	108.84	+0.00	—	2.10
2	5-15 years	121.91	—	—	1.80
3	Over 15 years	129.52	—	—	2.32
4	Irredeemables	144.27	—	—	1.78
5	All stocks	119.49	+0.00	—	2.11

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Mon. Mar. 13	Fri. Mar. 10
1	Low Coupons	5 years	7.65	7.64
2		15 years	9.89	9.89
3		25 years	10.37	10.37
4	Medium Coupons	5 years	9.72	9.71
5		15 years	10.93	10.93
6		25 years	11.09	11.08
7	High Coupons	5 years	9.98	9.98
8		15 years	11.68	11.68
9		25 years	12.08	12.00
10	Irredeemables		10.21	10.21

		Monday, March 13 Index No.	Monday, March 13 Yield %	Friday March 10	Thurs. March 9	Wed. March 8	Tues. March 7	Monday March 6	Friday March 3	Thurs. March 2
15	20-yr. Red. Deb. & Loans (15)	60.96	12.18	60.53	60.42	60.57	60.57	60.59	60.69	60.65
16	Investment Trust Prefs. (15)	56.66	12.51	56.71	56.63	56.83	56.83	59.94	58.87	57.07
17	Coml. and Indl. Prefs. (20)	76.03	11.94	76.00	76.09	76.61	76.86	76.92	77.00	76.95

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

...N. Bank	6½%	■ Hill Samuel §	6½%
...d Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
...rican Express Bk.	6½%	Julian S. Hodge	7½%
...o Bank	6½%	Hongkong & Shanghai	6½%
...Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
...y Ansbacher	6½%	Keyser Ullmann	6½%
...o de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
...of Credit & Cmce.	6½%	Lloyds Bank	6½%
...of Cyprus	6½%	London & European	8 %
...of N.S.W	6½%	London Mercantile	6½%
...ue Belge Ltd.	6½%	Midland Bank	6½%
...ue du Rhone	7 %	■ Samuel Montagu	6½%
...lays Bank	6½%	■ Morgan Grenfell	6½%
...ett Christie Ltd.	8½%	National Westminster	6½%
...ar Holdings Ltd.	7½%	Norwich General Trust	6½%
...Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
...n Shipley	6½%	Rossminster Accept'cs	6½%
...da Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
...ol C & C Fin. Ltd.	9 %	Schlesinger Limited	6½%
...er Ltd.	7 %	E. S. Schwab	8½%
...r Holdings	8 %	Security Trust Co. Ltd.	7½%
...terhouse Japhet	6½%	Shenley Trust	9½%
...lartons	6½%	Standard Chartered	6½%
...Coates	7½%	Trade Dev. Bank	6½%
...olidated Credits	6½%	Trustee Savings Bank	6½%
...erative Bank *	6½%	Twentieth Century Bk.	7½%
...thian Securities	6½%	United Bank of Kuwait	6½%
...it Lyonnais	6½%	Whiteaway Laidlaw	7 %
...Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
...an Lawrie ¶	6½%	Yorkshire Bank	6½%
...Trust	6½%		
...sh Transcont.	8 %		
...London Secs.	8½%		
...Nat. Fin. Corpn.	8½%		
...Nat. Secs. Ltd.	8 %		
...ay Gibbs	6½%		
...hound Guaranty	6½%		
...llays Bank ‡	6½%		
...ness Mahon	6½%		
...bros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 455-460

INSURANCE BASE RATES

† Property Growth 7½%
† Vanbrugh Guaranteed 7.40%
* Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
104 1/16	97⅞	Treasury 10½pc '78‡‡	101 1/16	.....	10.34	5.96
100⅛	90 15/16	Exch. 5pc '76-78‡‡	99 3/16xd	.....	5.03	6.30
107	95 7/32	Treasury 11½pc '79‡‡	104¼	–1/32	11.03	6.96
97¾	84 15/16	Treasury 3pc '79‡‡	96 15/16xd	–1/16	3.09	5.12
98¼	85⅛	Electric 4¼pc '74-79	97⅝xd	.....	4.35	5.88
106 11/16	92	Treasury 10½pc '79‡‡	103 15/32	.....	10.10	7.87
97⅝	84⅞	Electric 3½pc '76-79	96½	.....	3.63	5.71
107	87¾	Treasury 9pc 1980‡‡	102	–1/16	8.82	7.88
105¾	88¼	Treasury 9½pc '80‡‡	101 15/16	.....	9.32	8.50
96	82⅞	Treasury 3½pc '77-80	94¾	.....	3.69	6.02
98¼	83 3/16	Funding 5¼pc '78-80‡‡	96⅛	.....	5.46	7.13
112 3/16	96 9/32	Exchequer 13pc 1980‡‡	108⅝	–1/16	11.97	9.29
108 3/16	92 3/32	Treasury 11½pc 1981‡‡	105 9/16	.....	10.89	9.21
94¼	77⅞	Treasury 3½pc 1979-81	91⅛	.....	3.84	6.90
104	86 3/16	Treasury 9¾pc 1981‡‡	101 3/16xd	–1/16	9.60	9.16
97 3/16	95¼	Exch. 8¼pc 1981	97¼	–1/16	8.48	9.24
103½	97½	Exch. 9¾pc 1981	100½	.....	9.45	9.32
92⅛	87½	Exch. 3pc 1981	87¾	.....	3.42	7.08
98¾	96⅛	Treas. Variable '81‡‡	96¾	.....	6.63	7.43
113 13/16	96¼	Exch. 12¾pc 1981‡‡	109 9/16	.....	11.64	9.60
100⅝	82⅞	Treas. 8½pc '80-82‡‡	97¼	–1/16	8.70	9.20
93⅛	71⅝	Treasury 3pc '82‡‡	86¼	.....	3.48	7.07
119 3/16	101⅞	Treasury 14pc '82‡‡	113 13/16xd	.....	12.29	9.72
98½	95¾	Treas. Variable '82‡‡	96	.....	6.68	7.52
98⅝	93⅝	Treasury 8¼pc '82	95¾	.....	8.62	9.47
102⅝	93⅝	Exch. 9¼pc 1982	98 13/16xd	.....	9.36	9.57
96⅝	96½	Exch. 8¾pc 1983●	96⅝	.....	9.05	9.63
87⅝	81	Exch 3pc '83	83¼	.....	3.60	7.07

Five to Fifteen Years

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
114¼	95½	Treasury 12pc 1983‡‡	108½xd	.....	11.05	9.79
101⅜	95¾	Treasury 9¼pc '83	99⅝	.....	9.42	9.68
95½	72⅝	Funding 5½pc '82-84‡‡	87⅝	.....	6.34	8.41
100¾	77⅜	Treasury 8½pc '84-86‡‡	94⅞	.....	9.10	9.67
87⅞	66¾	Funding 6½pc '85-87‡‡	85½	.....	7.82	9.28
94	68½	Treasury 7¾pc '85-88‡‡	86⅞	.....	9.02	10.83
74 3/16	49⅜	Transport 3pc '78-88	66	.....	4.59	7.99
76¼	53⅞	Treasury 5pc '86-89	69⅞xd	.....	7.11	9.23
121¼	90	Treasury 13pc 1990‡‡	112½	.....	11.77	11.36
94¾	67⅛	Treasury 8¼pc '87-90‡‡	85⅞	.....	9.72	10.46
112	88¾	Treasury 11¾pc 1991	103¾	.....	11.55	11.48
76½	53¾	Funding 5¾pc '87-91‡‡	69½xd	.....	8.23	9.92
118	86¾	Treasury 12¾pc '92‡‡	109⅜	.....	11.65	11.62
96⅜	88¾	Treasury 10pc 1992	91¼	.....	11.03	11.34
113	89½	Exch. 12¼pc '92	104¼	.....	11.76	11.65

Over Fifteen Years

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
116¼	84½	Treasury 12½pc '93‡‡	107¾	.....	11.82	11.68
73⅛	51⅝	Funding 6pc 1993‡‡	66⅞xd	.....	8.97	10.32
126½	96	Treasury 13¾pc 1993‡‡	117½	.....	12.13	11.85
129¼	99	Treasury 14½pc '94‡‡	119⅛	.....	12.22	11.87
114⅛	94⅝	Exch. 12½pc 1994	106⅛	.....	11.85	11.75
96	66¼	Treasury 9pc '94‡‡	87⅜	.....	10.65	11.05
110¾	97¾	Treasury 12pc '95	104⅛	.....	11.70	11.64
51⅞	32⅝	Gas 3pc '90-95	49⅞	.....	6.15	8.87
95	83⅝	Exch. 10¼pc 1995●	91⅜	.....	11.32	11.52
120 7/16	87	Treasury 12¾pc '95‡‡	111½	.....	11.88	11.74
92¼	66¼	Treasury 9pc '92-96‡‡	83⅝xd	.....	10.76	11.12
133¾	101⅛	Treasury 15¼pc '96‡‡	129	.....	12.35	12.03
124	89¾	Exchequer 13¼pc '96‡‡	115	.....	11.97	11.81
50	31¼	Redemption 3pc 1986-96	47¼xd	.....	6.33	8.81
122½	87⅛	Treasury 13¼pc '97‡‡	112⅝	.....	11.96	11.80
98⅜	90¼	Exchequer 10½pc 1997	92⅞	.....	11.38	11.51
89⅝	64⅞	Treasury 8¾pc 1997‡‡	81⅜	.....	10.79	11.14
72¼	50¾	Treasury 6¾pc '95-98‡‡	69⅜	.....	10.09	10.81
136½	103⅝	Treas. 15½pc '98‡‡	125⅞xd	.....	12.25	11.99
97	65⅞	Treasury 9½pc 1999‡‡	87⅞	.....	11.00	11.20
96¼	90⅜	Treasury 10½pc 1999	93½	.....	11.42	11.52
44¾	27⅝	Funding 3½pc '99-04	40⅝	.....	8.74	9.98
82¼	57½	Treasury 8pc '02-06‡‡	74¼xd	.....	10.70	10.89
59	40½	Treasury 5½pc '08-12‡‡	53¼	.....	10.34	10.61
80¼	53¾	Treasury 7¾pc '12-15‡‡	73⅜	.....	10.71	10.79

Undated

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
38⅞	26⅝	Consols 4pc	35¼	.....	11.33	—
38½	25⅞	War Loan 3½pc‡‡	36⅝	.....	9.82	—
39¼	26¾	Conv. 3½pc '61 Aft.	37⅛xd	.....	9.38	—
28⅝	20½	Treasury 3pc 66 Aft.	25⅞xd	.....	11.51	—
24⅛	17¼	Consols 2½pc	22⅜xd	.....	11.10	—
24	17¼	Treasury 2½pc	21⅝xd	.....	11.49	—

**INTERNATIONAL BANK

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
88¼	75½	5pc Stock '77-82	85½	–¼	5.81	9.03

**CORPORATION LOANS

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
100	82	Birm'ham 9¾pc '79-81	98	.....	9.44	9.93
94¼	81½	Bristol 7¾pc '79-81	92¾	.....	8.35	10.15
107	93	G.L.C. 12½pc '82	106	.....	11.79	10.69
112	95¾	Do. 12½pc 1983	107¼	.....	11.75	10.89
102½	85½	Glasgow 9¼ '80-82	96¾	.....	9.57	10.11
94	76¼	Herts. 5½pc '78-80	92¼	.....	5.69	9.20
99¼	90½	Liverpool 5¾pc '76-78	99¼xd	.....	5.77	6.58
102½	79½	Do. 9¾pc '80-84	99	+½	10.16	10.64
29¾	22¾	Do. 3½pc Irred.	29½xd	.....	12.02	—
100 3/16	89	Lon. Corp. 6½pc '75-78	99¾	.....	6.52	7.13
99¾	75	Do. 9¼pc '84-85	93xd	.....	9.88	10.48
96¾	85½	L.C.C. 6pc '76-79	96½	.....	6.22	8.59
92½	70½	Do 5½pc '77-81	90¼xd	.....	6.10	8.76
85½	60½	Do 5½pc '82-84	81½	.....	6.81	9.62
79	52½	Do. 5½pc '85-87	74	+¼	7.56	10.10
79	51¾	Do 6¾pc '88-90	74½	+½	9.19	10.66
27¼	20	Do. 3pc '20 Aft.	25¾	.....	11.46	—
93½	76¼	Middx. 5¼pc 1980	93½xd	.....	5.61	8.79
100	84¾	Newcastle 9¼pc '78-80	98¾xd	.....	9.37	9.80
107¼	90¾	Warwick 12½% 1980	106¼	.....	11.76	9.76

COMMONWEALTH & AFRICAN LOANS

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
100⅞	88¾	**Aust. 5½pc '75-78	98⅞xd	+⅛	5.54	6.84
96	79⅛	**Do. 5½pc '77-80	95½	+¼	5.82	8.79
88¼	69¾	**Do. 5½pc '81-82	85xd	+¼	6.44	9.96
98¼	86½	**N.Z. 4pc 1976-78	98 3/16	+1/16	4.10	7.42
96½	81½	**Do. 6pc '76-80	94	.....	6.39	9.46
89	66	**Do. 7½pc '83-86	87½	.....	8.74	10.06
94	85	Sth. Africa 9½pc '79-81	94	.....	10.47	12.73
70	31	Sth. Rhod. 2½pc '65-70	64	+1	—	—
96	47	Do. 6pc '78-81	96	+2	—	—

LOANS

Public Board and Ind.

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
66	44	Agric. Mt. 5pc '59-89	62	.....	8.18	11.12
95	68½	Alcan 10½pc '89-94	90	+1	12.40	12.50
33¼	22	**Met. Wtr. 3pc 'B'	32xd	.....	8.96	10.60
116	101	U.S.M.C. 9pc 1982	113	+3	8.16	6.30
96	77	Do. without Warrants	94	.....	9.83	11.40
100	84	Ultramar 7pc '75-78	100	+¼	7.23	12.20

Financial

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
107¾	94	**FFI 13pc '81	106	.....	12.27	10.53
111½	93	Do. 14pc '79	109	–½	13.62	11.90
116	100¼	Do. 14pc '83	112½	+¼	12.78	11.66
85¼	68	ICFC 5½pc Deb. '80-82	82xd	.....	6.71	10.60
83½	67¾	Do. 6¼pc Db. '81-84	79	+¼	8.15	11.20
98½	95	Do. 10½pc Uns.Ln. '86	98½	+½	10.88	11.10
99¼	95	Do. 11pc Uns.Ln. '88	98½	+½	11.41	11.60
100¾	96	Do. 11¾pc Uns.Ln. '90	100½	+½	11.96	12.00
73	51½	Do. 7¼pc A Deb. '89-92	69	.....	10.88	12.20
71½	52½	Do. 7¼pc A Db. '91-94	66xd	.....	10.98	12.00
84½	57	Do. 9pc 'A' '91-94	78¼xd	+1¼	11.50	12.10
85½	59½	Do. 8¾pc Ln. '92-97	76	+¾	11.86	12.30

FOREIGN BONDS & RAILS

1977-78 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
22¼	15	Antofagasta Rly.	19	.....	—	—
37	32	Do. 5pc Pref.	33	.....	B—	—
98	95	Chilean Mixed	98	.....	3	f3.08
370	198	German Yng. 4½pc.	370	.....	4½	—
60	46	Greek 7pc Ass.	47	.....	3½	f7.66
58	46	Do 6pc 28 Stab. Ass.	46xd	.....	6	f6.52
44	38	Do 4pc Mixed Ass.	40	.....	4	f5.00
43	32	Hung. '24 Ass.	43	+1	4½	6.43
77	49	Iceland 6½pc '83-88	70	.....		11.80
90½	69½	Ireland 7¾pc '81-83	87½	+¼	8.68	10.93
91	65	Do 9¾pc '91-96	84¼xd	+¼	11.59	11.88
335	228	Japan 4pc '10 Ass.	335	.....	—	—
87	63	Do 6pc '83-88	86½	.....	6	8.05
165	150	Peru Ass. 3pc	150	.....	3	2.03
75	75	S.G.I. 6½pc 1980	75	.....	6½	8.67
$99	$94	Turin 9pc 1991	$96½	.....	9	9.33
DM65	DM71	Turin 6½pc 1984	DM81	.....	6½	11.25
94	62	Uruguay 3½pc	94xd	.....	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1977-78 High	Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
18⅝	13	ASA	16¼	+¼	80c	—	2.8
62¼	58	AMF 5% Conv. '87	60½	.....	5%	—	f
49⅞	22	Amax $1	25⅝	+1½	$1.75	—	3.8
30⅝	21¾	American Express	23⅝	+¼	$1.40	—	3.3

AMERICANS—Continued

S.E. List Premium 42¼% (based on $US1.9955 per £)

Conversion factor 0.7020 (0.7156)

CANADIANS

S.E. List Premium 42¼% (based on $2.1256 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	70	Falcon Rh.50c	190	......	Q50c	1.3	24.5
24	9	Rhod'n Corp. 16½p.	20	......	0.57	4.3	4.3
165	52	Roan Cons. K4	70	......	—	—	—
164	115	Tanganyika 50p	123	+1	Q11.0	1.1	8.9
80	70	Do. Pref. 80p	80	......	Q9%	16.4	9.0
42	27	Wankie Col. Rh.1	36	......	Q7½c	1.4	17.8
27½	10	Zam.Cpr.SBD0.24	10½	+½	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	10	......	—	—	—
127	57	Bougainville 50 Toea.	88	+3	Q8c	1.5	5.7
128	62	BH South 50c	67	+2	—	—	—
325	119	Conzinc Riotinto 50c	158	......	Q10c	ϕ	4.0
72	18	G.M. Kalgoorlie $1	70	+2	—	—	—
112	77	Hampton Areas 5p	93	......	1.45	4.1	2.4
35	10	Metals Ex. 50c	12	......	—	—	—
242	125	M.I.M. Hldgs. 50c	139	+4	Q9c	1.7	4.0
105	10	Mount Lyell 25c	17	......	—	—	—
2¼	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	88	+3	Q8c	1.5	5.6
12	4½	Nth. Kalgurli	11½	......	—	—	—
150	87	Oakbridge $A1	150	+15	†Q11c	1.9	4.6
55	20	Pacific Copper	35	+2	—	—	—
£13	575	Pancont'l 25c	825	......	—	—	—
19	8	Paringa M&Ex.5p	18½	+2	—	—	—
555	345	Peko-Wallsend 50c.	465	+15	Q15c	4.0	2.0
164	84	Westn. Mining 50c	98	+4	Q6c	1.4	3.8
75	35	Whim Creek 20c	45	+3	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	26xd	−2	†2.51	1.6	14.6
395	240	Ayer Hitam $M1	275xd	+3	‡Q65½c	0.9	‡
57	25	Beralt Tin	52	−2	3.75	2.3	10.9
260	155	Berjuntai $M1	230	+5	‡Q60c	ϕ	‡
570	260	Geevor	490	−5	18.05	3.4	5.6
13	8	Gold & Base 12½p	8½	......	—	—	—
325	190	Gopeng Cons.	235	−10	15.0	0.9	9.7
150	72	Hongkong	150	......	—	—	—
100	60	Idris 10p	88	......	7.5	ϕ	12.9
11	7	Jantar 12½p	11	......	—	—	—
85	30	Kamunting $M0.50.	69	......	ZQ15.5c	0.7	4.8
490	260	Killinghall	450	......	Q125	ϕ	27.8
410	217	Malay Dredging $M1	290xd	−1	†Q95c	0.8	7.0
50	40	♦Pahang	50	+1	†Q2.5	0.5	5.0
70	50	Pengkalen 10p	53	......	6.5	1.3	18.6
215	133	Petaling $M1	175	+2	mQ12½c	10.9	1.5
90	35	Saint Piran	50	......	g1.99	4.6	6.0
73	51	South Crofty 10p	51	−2	b4.12	1.5	10.4
210	77	South Kinta $M0.50	152	+2	†Q77.8c	1.4	11.0
205	148	Sthn Malayan $M1	248	......	‡Q131.3c	1.1	11.4
160	57	Sungei Besi $M1	154	+2	—	—	—
*64	19	Supreme Corp. $M1	64	......	ZQ10c	—	3.4
102	42	Tanjong 15p	98	......	4.5	ϕ	7.0
95	45	Tongkah Hrbr. $M1	85	......	Q6.12%	1.6	14.4
203	93	Tronoh $M1	173xd	+2	ZQ88c	ϕ	10.9

COPPER

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
198	70	Messina R0.50	75	+2	‡Q30c	1.9	‡

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	......	—	—	—
115	56	Colby Mines $C1	88	+4	—	—	—
600	220	Cons. Murch. 10c	230	+10	Q30c	ϕ	7.8
475	245	Northgate C$1	290	+20	—	—	—
247	164	R.T.Z.	181	+6	t8.5	q3.1	7.1
70	28½	Sabina Inds. C$1	33	+2	—	—	—
£14¾	780	Tara Exptn. $1	780	......	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	120	Yukon Cons. C$1	130	......	Q7c	ϕ	2.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	43	......
Bertam	14	......
Bdg'wtr. Est. 50p	286	......
Clover Croft	22	......
Craig & Rose £1	400	......
Dyson (R. A.) A.	41	......
Ellis & McHdy.	68	......
Evans Fr'k.10p	57	......
Evered	15¾	......
Fife Forge	47	......
Finlay Pkg. 5p	19	−1
Graig Ship. £1	120	−55
Higsons Brew	82	......
I.O.M. Stm. £1	142	−3
Holt (Jos.) 25p	258	+5
N'thn. Goldsmith	56	......
Pearce (C. H.)	129	......
Peel Mills	17	......
Sheffield Brick	46	......
Sheff. Refrshmt.	51	......
Shiloh Spinn	21	+2
Sindall (Wm.)	83	......

IRISH

Conv. 9% '80/82	£96¾	......
Alliance Gas	70	......
Arnott	270	......
Carroll (P.J.)	103	......
Clondalkin	85	......
Concrete Prods.	125	......
Heiton (Hldgs.)	49	......
Ins. Corp.	140	......
Irish Ropes	133	......
Jacob	55	−2
Sunbeam	30	......
T.M.G.	185	−5
Unidare	72	......

OPTIONS

3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lots"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	11
Midland Bank	25
N.E.I.	20
Nat. West. Bank	22
Do. Warrants	16
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6
Property	
Brit. Land	3¾
Cap. Counties	5
E.P.	5
Intereuropean	4
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2
Oils	
Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22
Mines	
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
TUESDAY MARCH 14 1978

February retail sales unexpectedly high

BY DAVID FREUD

SPENDING in shops is now running well ahead of last autumn's levels although it is still well short of the boom conditions expected later this year.

The provisional estimate for the volume of retail sales in February was unexpectedly high.

The index reached 106.5 (seasonally adjusted, 1971=100) compared wih a final index figure of 104.9 for January, according to Department of Trade figures published yesterday.

In the December-February period, overall sales were 3 per cent. up on the previous three months in volume terms.

Nevertheless, the average level of the index for the three months, at 106.1, was still far below the peak of 111 recorded in the first quarter of 1973.

One factor depressing the overall level of sales is that under a third of people covered by major pay settlements have agreed on rises in the current wage round, significantly fewer than at this stage in previous years. Thus, spending power is less.

The erratic monthly movement creates an additional area of uncertainty for the Chancellor in determining the outline of his April Budget. The February figures—in their revised form—will be the last available before Budget day, April 11.

The Department of Trade said the figures were slightly surprising; the general expectation was that sales would be depressed until the Budget.

There were two possible reasons for the rise. Some of the money from the November back-tax and pension payments may have been spent last month.

Secondly, two large groups of workers—the local authority manual workers and National Health Service ancillary workers—would have benefited from their settlements at the end of January and received back pay. The back pay of the 1m. manual workers alone could have put about £50m. into the economy.

The significance of the February figure could be affected by revisions, which have been averaging 0.7 points over the last few months. The provisional January figure of 106 fell 1.1 points when it was revised.

The Retail Consortium said that the provisional figure—if it was not revised downwards—was very encouraging.

It could be explained partially by the carry-through of January sales activity into February. But more important, there were signs of an increase in consumer confidence being reflected in higher sales. Sales of consumer durables were far better than expected.

The consortium expects the figures for March to remain at a relatively depressed level until the Budget unleashes a consumer boom.

Total sales for the year are expected to be 4-5 per cent. higher than in 1977, implying a 1978 index of 108-109 and monthly levels towards the end of the year around the peak 111 levels recorded in the early 1970s.

The only factor that could seriously damage consumer confidence would be a serious deterioration in employment levels.

RETAIL SALES

		Volume: 1971=100 (seasonally adjusted index)	Values: percentage change compared with a year earlier (not seasonally adjusted)
1976	1st	105.9	+14
	2nd	106.9	+12
	3rd	107.3	+15
	4th	105.9	+16
1977	1st	103.3	+14
	2nd	102.5	+13
	3rd	104.3	+15
	4th	104.4	+13
	Nov.	103.1	+11
	Dec.	106.9	+16
1978	Jan.	104.9	+12
	Feb.	106.5*	+13*

* provisional estimate
Source: Department of Trade

Steelmen pledge to stop closure of Shelton plant

BY ROY HODSON AND PAULINE CLARK

BRITISH Steel Corporation was faced yesterday with its first major confrontation with unions in its current cost-cutting programme after a proposal to close iron and steelmaking at Shelton, Stoke-on-Trent.

Details of the plans provoked immediate anger from representatives of the 2,000-strong workforce when they were announced on behalf of Mr. Norman Macdonald, executive in charge and managing director of the corporation's Scunthorpe division.

Mr. Ted Smith, chairman of the steelworkers' action committee, said they would press ahead with action to prevent closure.

This would be with the full backing of the workforce which, only two months ago, organised an 82 per cent. poll of all sections in Shelton and voted 77.5 per cent. in favour of keeping their jobs rather than taking severance pay.

Union leaders at national level, including Mr. Bill Sirs, general secretary of the industry's biggest union—the Iron and Steel Trades Confederation — have pledged support for whatever decisions are taken at shop-floor level and specifically the government's earlier commitment to save steelmaking at Shelton with the introduction of an electric arc furnace.

British Steel is proposing to stop iron and steel production at Shelton early next month. The implications will be discussed at a meeting between British Steel, the TUC steel committee, and shopfloor leaders.

Mr. Macdonald cancelled plans to visit Shelton yesterday to announce the iron and steelmaking closure after he was warned by union leaders at the plant that demonstrations were being organised to disrupt his visit.

Instead, Mr. Ron Melvin, a British Steel central office Press spokesman, made the closure announcement at the works.

Shelton is the only major plant to come under the axe so far where the workers have not been invited to talks on closures and redundancies. In the case of last week's redundancy agreement at East Moors, near Cardiff, and at Hartlepool and Clyde Iron previously, negotiations were invited by the shop floor and so enabled the union leaders to co-operate.

Mr. Bob Harrison, national secretary for the steel industry in the Transport and General Workers' Union, yesterday expressed total support for the shop floor at Shelton.

Shelton is one of the high-cost British Steel plants which together are costing the corporation £100m. a year. Altogether the corporation expects to lose more than £500m. this financial year and more than £200m. next year.

Radical plans for reshaping British Steel now being completed by the Government—and to be disclosed by Mr. Eric Varley, Industry Secretary, before Easter—will wipe out the Shelton arc furnace scheme and other schemes which would have resulted in an increase in British steelmaking capacity.

THE LEX COLUMN

Banks may shed another veil

It looks as though some, if not all, the clearing banks are on the verge of making some major changes in their accounting and disclosure policies. The so-called "Leach - Lawson" rules, under which the clearers have been averaging out their bad debt provisions and investment profits and losses, since they undertook their version of "full disclosure" in 1970, are coming under serious pressure. On top of this there are growing demands for more all-round disclosure.

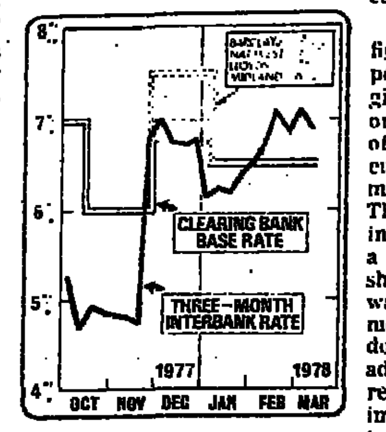
Yesterday Mr. Deryk Weyer, a vice-chairman of Barclays, revealed that the bank had set up a working party to consider all aspects of bank disclosure, and said he personally believed that within three years very few important matters — including movements in bad and doubtful debt provisions—would be left undisclosed. Ideally, all the big banks would move over together but Barclays did not rule out the possibility of going it alone.

The pressures for greater openness come from a number of directions. From the EEC there are proposals to harmonise bank accounting practices; the International Accounting Standards Committee is currently preparing a draft international disclosure standard; while at home the Price Commission has been asking lots of pertinent questions. Even the clearing banks' auditors admit that after ten years of the "Leach-Lawson" regime it is now time these rules were given a dusting.

The original laudable intention of Leach-Lawson was to establish "uniform accounting treatment so as to achieve the greatest practicable degree of comparability" among the clearing banks' accounts. Unfortunately, it has become evident in recent years that the rules are not sufficiently detailed to achieve this end, with the result that significantly different practices are being followed by individual banks in at least the area of treating interest on bad debts.

The demands for greater disclosure and the overhaul of Leach-Lawson are closely connected. Indeed the banks' overriding pre-occupation with customer confidentiality is one of the main reasons why they have clung to the anonymity of Leach-Lawson's five-year averaging formula for bad debts, a smoothing method which is also applied to investment profits/losses. Since much of this secret information is already being given to such diverse bodies as the Price Commission and international bank depositors the clearers will have a difficult task in defending the status quo. But in the end the specific trigger for greater disclosure may well be a decision by one of the clearers to tap the New York bond market where SEC rules will apply.

Index rose 0.6 to 459.6



Currencies

Whatever happened to the strong pound? By last night sterling was down to a trade-weighted index basis of 64.4, representing a devaluation of 3½ per cent. in the past six weeks. This index is now back to the same level that it reached at the beginning of November, just after the change in intervention policy. What could be a lack of faith in sterling's prospects has also become evident in the investment currency market where the premium bounced up 3 points yesterday to an effective rate of 43½ per cent., the highest seen since last July.

Maybe the strength of the premium does not reflect fears about sterling so much as an increased inclination on the part of larger private investors to dabble on an ever-cheapening Wall Street, while there have been other opportunities for a flutter—notably in Paris yesterday where the equity market jumped by 8 per cent. Certainly there was no excitement y[...] day in London where an in[...] stock market was appa[...] baffled by events on [...] currency front.

To-day's February [...] figures are likely to have [...] portant short run impact [...] gilt-edged market, and of [...] on sterling, given that th[...] of disappearance of the [...] current account surplus [...] major preoccupation at pr[...] The substantial foreign pr[...] in gilts has for some time [...] a potential source of d[...] should overseas conf[...] waver. But in fact the [...] moves yesterday to assu[...] dollar failed to live up to [...] advance publicity, and the [...] reaction on Wall Street ga[...] impression that any imp[...] turning point has yet [...] reached.

Rolls-Royce Motor[...]

Yesterday's prelim[...] figures from Rolls-Royce M[...] revealing a 28 per cent. in[...] in pre-tax profits to £11m[...] well ahead of even the [...] optimistic expectations. [...] the reason for the bette[...] formance seems to be [...] down in stocks—possib[...] many as 200 units—neces[...] by labour troubles throu[...] 1977. Nevertheless even [...] allowing for a changeov[...] treating currency trans[...] differences (a debit of [...] against a credit of the [...] amount in 1976) below the [...] the results are good. Car [...] accounting for 60 per ce[...] turnover and 67 per ce[...] profits are up around 1[...] cent. despite actual volu[...] 200 units less. Obviously [...] have been substantial pri[...] creases and margins here [...] improved from 9½ to [...] 11½ per cent.

Diesel engine sales hav[...] creased about 10 per ce[...] volume to give an overa[...] crease in value of a third. [...] again margins have imp[...] substantially—from 5.8 t[...] per cent.—and profits ar[...] over 70 per cent. at £2.4m. [...] where other activities sh[...] decline in profits of arou[...] third to £1.8m., on sales [...] at £17m. Meanwhile the s[...] at 78p, after a rise of o[...] fifth since the beginning o[...] month, remain well back [...] the 8½ per cent. yield an[...] claim that the upward mo[...] tum is strong.

Government compromise on blacklist publication

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is to take the initiative in publishing the names of companies it puts on its blacklist for breaching the pay guidelines. But each company involved will be given the right to say that its name should be kept secret.

This Government compromise over the issue of publication of the blacklist emerged from a Commons answer given yesterday by Mr. Denis Healey, Chancellor of the Exchequer. It marks a change from the present policy of only confirming that a name is on its blacklist when the company concerned has first publicised the fact.

The precise method of future publication of the list has yet to be decided. But it could be a periodic announcement in the London Gazette, or a Treasury Press announcement which would also be made available to MPs, or an answer to a Commons question.

The number of companies refusing to allow their names to be publicised may also be given at the same time.

At present there are thought to be about 30 companies on the list, which is drawn up by the Treasury to tell Government departments and other public bodies which companies may be refused Government business or financial help.

Exposure

Mr. Healey's announcement was made after talks with the CBI and other business organisations. The issue arose as a result of complaints from Conservative MPs and others that the Government was running a secret blacklist. By giving companies the right for their names to be kept secret, Mr. Healey has stolen the thunder from his critics.

Mr. Healey's decision is in line with the advice he received from the CBI which, while realising the basis of the Conservatives' case, felt it could not expose its member companies to the extent of backing automatic publication.

Other business organisations took a similar line and this led Mr. Healey to say in his answer yesterday: "The view of these organisations is that publication should only take place with the consent of the firm concerned, and I shall arrange for future publication to take place on this basis."

Meanwhile, with Government talks with the CBI over the issue of contracts containing pay policy clauses about to reach a conclusion, the Government last night published figures which showed that some companies are accepting the clauses.

In another written answer, Mr. Peter Shore, Environment Secretary, said his department's Property Services Agency had placed nine works contracts and 23 supplies contracts containing the clauses the CBI is trying to change.

U.K. and Germany plan joint move to boost economies

BY PHILIP RAWSTORNE

THE BRITISH and West German Governments are to attempt to put together a package of proposals for concerted international action to solve the problems of the world recession.

Inter-government talks are to be held on plans to be placed next month before the EEC summit in Copenhagen and the world economic summit in Bonn in July.

After a six-hour meeting with Herr Helmut Schmidt, West German Chancellor, Mr. James Callaghan said yesterday that their views on reviving the Western economies were not far apart.

The two leaders agreed that they should continue work on the problems and attempt a joint initiative at the summit meetings to stimulate international action.

But Mr. Callaghan, on his return from Bonn yesterday, told a joint meeting of the Cabinet and Labour's national executive that he could not see a solution yet to unemployment.

Gloomy

The Prime Minister admitted that the issue still was a big worry, in spite of measures taken by the Government to alleviate the problem.

"It is a matter that will have to be dealt with by the Western democracies on an international scale. It cannot be dealt with by Britain alone."

The Prime Minister's somewhat gloomy view of economic prospects was echoed by Mr. Denis Healey, Chancellor, who told the meeting that the world trade situation was disappointing.

Facing more Left-wing demands for a £4bn. reflation of the economy in his April Budget, Mr. Healey said he had to guard against the danger that increased demand would lead merely to a big increase in imports. This would create more jobs abroad rather than in the U.K.

The Chancellor indicated that his Budget still would be weighted towards tax cuts rather than increases in public expenditure. Mr. Callaghan intervened to tell the meeting: "If you want to retain power, you have got to listen to what people—our people—say, and what they want—and that is to pay less tax.

"They are more interested in that than the Government's giving money away in other directions."

U.S. view

Mr. Anthony Wedgwood Benn, Energy Secretary, said there was a feeling in the U.S. that the world recession would continue for some time.

North Sea oil revenues would not provide an answer to Britain's problems. "We ought to be looking well ahead beyond the Budget to our industrial policies."

The Chancellor's apparently cautious view of his Budget prospects was reinforced yesterday by advice from the Manifesto Group of moderate Labour MPs.

The group called for a Budget boost to the economy of about £3bn. Tax reduction should be concentrated on raising tax allowances and some part of the stimulus should be in the form of public expenditure, particularly on the Health Service.

The group said there should be continuing pay restraint and urged the Government and the TUC to discuss the creation of an institutional framework for regulating public sector pay and removing anomalies created by pay policy.

Unemployment could be reduced substantially only by co-ordinated international expansion. If this were achieved, further reflationary measures could be taken later in the year.

Rolls-Royce car output falls but profits rise

By Terry Dodsworth, Motor Industry Correspondent

CAR PRODUCTION at Rolls-Royce Motors fell by 14 per cent. last year in the worst period of industrial troubles since the group was floated as a public company in 1973.

However, aggressive pricing in the car division and improved results from diesel engine sales lifted profits by 27 per cent. to £11m.

These preliminary results, announced yesterday, are better than the market had been expecting.

Rolls-Royce has suffered from both internal disputes, when its London coachbuilding plant went on a 16-week strike, and from external problems with suppliers.

It was hit hard by last year's Lucas strike and by an 11-week dispute at Burman, which makes the new rack-and-pinion steering unit for the Silver Shadow II.

Output this year has been much steadier and the company hopes to make between 3,400 and 3,500 cars. This would put it back on course for the 7 per cent. a year growth rate sought in its long-term investment plans.

Investment last year came to about £9m.—and will continue this year at the same rate, Mr. David Plastow, managing director, said last night.

This expenditure is designed to cope with the expansion in diesel engine capacity—Rolls-Royce delivered the first of its new V12 military engines late last year—and for the development of a new Silver Shadow car.

Rolls-Royce's admission that it has a new car under way is the first public indication of its plans to adapt its product range to the tough new U.S. requirements on fuel economy.

The company is also attempting to balance its interests by increasing diesel engine turnover to equal that of cars.

Turnover last year rose from £105m. to £122m. The car division's profits rose from £6.1m. to £8.5m., and the diesel engine division's from £1.3m. to £2.4m.

Details, Page 26

National engineering strike called off

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TWO-DAY national engineering strike planned for next week was called off last night as unions and employers settled a new pay agreement.

It will now fall to Mr. Albert Booth, Employment Secretary, to decide whether a grey area in the Government's pay policy will allow low-paid workers in the industry to benefit in full from the agreement immediately. It was that factor which made settlement difficult and gave rise to the strike threat.

The strike was called after the Confederation of Shipbuilding and Engineering Unions and the Engineering Employers' Federation agreed on national pay rates, but not on how they should be implemented.

Union leaders demanded that engineering workers earning less than the new rates should receive rises immediately but the Federation resisted, saying it would expose member companies to possible Government sanctions.

Under yesterday's agreement, low paid workers will receive the new rates — £57 for craftsmen this month and £60 on August 1 with proportionate rises for other grades — immediately if Mr. Booth approves.

Other workers will not benefit from the revised national agreement until the anniversary date of their last pay rise.

A joint delegation from the Confederation and the employers will see Mr. Booth later this week and urge him to accept the agreement.

Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers and leader of the Confederation negotiators, said yesterday that he did not believe it was a breach of either the 12-month rule or the pay guidelines.

Even if Mr. Booth rejects that interpretation the engineering industry will still have a new set of national minimum rates and the unions will be able to pursue employers paying below them under Schedule 11 of the Employment Protection Act.

Continued from Page 1

U.S. and Bonn

resources is both new and significant.

Adrian Dicks reports from Bonn: Herr Matthoefer welcomed to-day's agreement as a proof of the Carter Administration's willingness to support the dollar.

Dr. Otmar Emminger, the president of the Bundesbank, also underlined the importance of what he described as a political signal to foreign exchange markets that the U.S. currency would not continue to decline "into the cellar."

Stressing a view he has held for some months, he said he was confident that once markets had appreciated there was no longer a process of "self-sustaining decline" working against the dollar, the interest rate differentials in favour of the U.S. would bring about a substantial flow of funds back to the American currency.

Earlier the British Prime Minister described the U.S.-German agreement as "something to build on," though he also stressed that it was only one of a series of "concerted actions" that needed to be taken by the major industrial nations.

Herr Matthoefer, meanwhile, reiterated that West Germany had no intention of taking fresh stimulatory measures.

Margaret van Hattem writes from Basle: Central bankers attending a meeting of the Bank for International Settlements here discussed the measures. Senior officials said the general response was highly favourable, particularly from "the snake" currency countries.

Hepworth Ceramic may bid for tile maker

BY CHRISTINE MOIR

THE MARKET value of Johnson-Richards Tiles, Britain's leading ceramic tile maker, soared from £18.4m. to £25m. yesterday on the news that it is being wooed by Hepworth Ceramic.

So far there is no firm bid on the table, however. Yesterday's joint announcement from the two companies said simply that Hepworth had invited Johnson to talks with a view "to terms being agreed for a merger on the basis of an offer by Hepworth."

If the talks succeed, Hepworth, already the world's biggest clay pipe maker and fifth or sixth largest manufacturer of refractories, would be diversifying into a new area within its own sphere of clay technology, Mr. Peter Goodall, Hepworth's chairman, explained yesterday.

Last year Hepworth produced pre-tax profits of £18.9m. on a turnover of £162m. Profits for 1977, due next Monday, are widely expected to show an advance to at least £25m.

Despite a recent investment programme of nearly £75m. Mr. Goodall said he did not think the company would need to take up any facilities to mount a bid for Johnson.

At Johnson, Mr. John Done, the new chairman, refused to comment on the likely outcome of talks at this stage. Interim profits from Johnson for the six months to September were £2.5m. on sales of £26.5m. Johnson controls 65 per cent. of the U.K. market for ceramic floor and wall tiles.

News analysis, Page 28

Weather

U.K. TO-DAY

CLOUDY with showers, some heavy.

England, Wales, I. of Man, Channel Is., S.W. Scotland, N. Ireland

Cloudy, showers or rain. Wind S.W. or W., fresh or strong. Max. 9C (48F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland, Orkney

Mainly cloudy, showers. Wind S., fresh or strong. Max. 7C (45F).

Glasgow, Cent. Highlands, Argyll, N.W. Scotland

Cloudy, outbreaks of rain. Wind variable, moderate or fresh. Max. 5C (41F)

Shetland

Cloudy, rain at times. Wind easterly moderate or fresh, becoming light. Max. 6C (43F).

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm	R	6	43	Manchestr	C	8	46
Athens	S	12	54	Melbourne	R	19	66
Bahrain	S	23	73	Mexico C.	S	29	84
Barcelona	C	12	54	Milan	C	9	49
Beirut	T	12	54	Montreal	S	1	34
Belfast	S	8	46	Moscow	C	1	34
Berlin	R	8	46	Munich	R	7	45
Birmnghm	C	9	48	Newcastle	C	9	48
Bristol	C	10	50	New York	S	7	45
Budapest	S	7	45	Oslo	C	3	37
B. Aires	C	26	79	Paris	F	11	52
Cairo	S	21	71	Perth	F	29	84
Chicago	C	2	36	Prague	C	3	37
Cologne	F	9	48	Reykjavik	F	3	37
Copnhagen	C	6	43	Rio De J'o	S	33	91
Dublin	R	7	45	Rome	F	15	59
Edinburgh	C	7	45	Singapore	S	30	87
Frankfurt	C	8	46	Stockholm	Sl	1	34
Geneva	C	8	46	Strasbrg	C	12	54
Glasgow	C	6	43	Sydney	C	27	81
Helsinki	C	1	34	Tehran	R	14	57
H. Kong	C	14	57	Tokyo	C	6	44
Jo'burg	C	23	74	Toronto	C	1	34
Lisbon	S	13	55	Vienna	C	8	46
London	C	11	52	Warsaw	S	7	45
Luxemb'g	F	6	43	Zurich	R	5	41
Madrid	S	10	50				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	14	57	Jersey	R	11	52
Algiers	C	15	59	Las Plms	F	19	66
Biarritz	F	11	52	Locarno	R	7	45
Blackpool	R		46	Majorca	F	16	61
Bordeaux	F	11	52	Malaga	S	16	61
Boulogne	C	7	45	Malta	F	15	59
Casablnca	C	16	61	Nairobi	S	24	75
Cape Tn.	S	24	75	Naples	S	15	59
Corfu	S	14	57	Nassau	S	24	75
Dubrovnik	S	12	54	Nice	C	15	59
Faro	S	16	61	Oporto	F	12	54
Florence	C	14	57	Rhodes	F	14	57
Funchal	C	15	59	Salzburg	R	7	45
Gibraltar	S	17	63	Tangier	S	14	57
Guernsey	C	9	48	Tenerife	C	12	54
Innsbruck	R	6	43	Tunis	F	18	64
Inverness	C	8	46	Valencia	R	13	55
I. of Man	R	7	45	Venice	C	12	54

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet. T—Thunder.

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